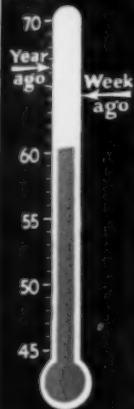


JULY 14

1934

BUSINESS WEEK

BUSINESS
INDICATOR



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FARM AIDERS — Secretary Wallace (left) and AAA chief Chester C. Davis induct Assistant Secretary M. L. Wilson into the Agricultural Cabinet whose successes and failures are set forth in the second of Business Week's audits of the New Deal.

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PROGRESS IN CEMENT

The portland cement of today is far superior to the portland cement of yesterday.

At the opening of the century, few of the modern manufacturing methods now in use had been devised. Then came the introduction of the rotary kiln and numerous other epochal improvements. Research laboratories were established to study changes in specifications. Costs were reduced, quality was improved and countless new uses for concrete were found.

Today science dominates every step in the manufacture of portland cement. The chemical elements combined in it are obtained from various forms of limestones, shells, marls, clays, shales and slags. Each minute step in the selection and combination of these materials is directed by experienced chemists.

In limestone quarries, gigantic crushers reduce rocks as large as pianos to smaller—yet still coarse—sizes. Other crushers reduce them further. Subsequently, they are ground to powder and mixed with other raw materials.

This finely ground mixture is fed into a cylindrical kiln many feet in diameter and often hundreds of feet long. As the revolving kiln carries the mixture along, it is met by a roaring blast of flame projected from the opposite end. The terrific heat drives off certain elements in the form of gases and unites the residue into a new composition. The cooled residue and small quantities of gypsum are ground into a powder finer than flour. In all, eighty-odd manufacturing steps are required. The result is portland cement.

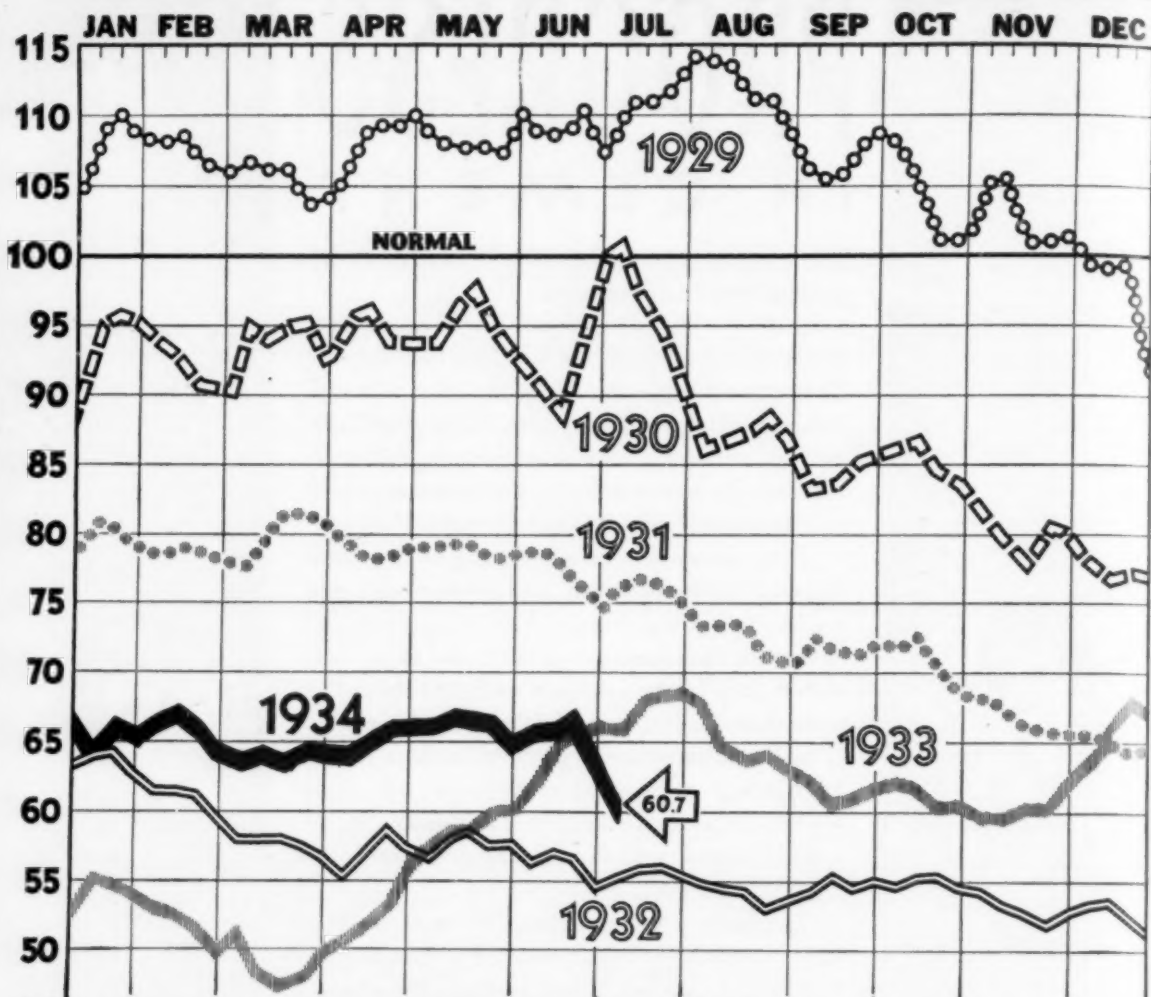
Before being shipped, the finished product must undergo further and final analyses and tests to insure its conformity to exacting specifications. Every precaution is taken to protect its quality. No wonder modern portland cement is held in such high esteem by users of concrete everywhere.

THE CEMENT INSTITUTE
NEW YORK • CHICAGO • KANSAS CITY

GOING FORWARD WITH CEMENT

This is the second of a series. The next advertisement will be "The Going Price." Copy of advertisement No. 1 will be sent on request.

BUSINESS WEEK (with which is combined The Magazine of Business) July 14, 1934, No. 254. Published weekly by McGraw-Hill Publishing Company, Inc. 330 West 42nd Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; B. R. Putnam, Secretary, \$5.00 per year, in U.S.A. and possessions; 30 shillings per year in all foreign countries. 25c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U.S.A. Copyright 1934 by McGraw-Hill Publishing Company, Inc.
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BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

Latest Week	Preceding Week	Year Ago	Average 1929-33
*60.7	164.4	66.3	82.3

PRODUCTION

★ Steel Ingot Operation (% of capacity).....	27.5	23.0	56	51
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis).....	\$4,831	\$4,978	\$4,040	\$12,888
★ Bituminous Coal (daily average 1,000 tons).....	*1,044	11,030	1,095	1,171
★ Electric Power (millions K.W.H.).....	1,556	1,688	1,539	1,535

TRADE

Total Carloadings (daily average, 1,000 cars).....	107	104	107	131
★ Miscellaneous & L.C.L. Carloadings (daily average 1,000 cars).....	69	67	69	87
★ Check Payments (outside N. Y. City, millions).....	\$3,460	\$3,137	\$3,301	\$5,205
★ Money in Circulation (daily average, millions).....	\$5,398	\$5,330	\$5,459	\$5,083

PRICES Average for the Week

Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.88	\$1.88	\$1.98	\$1.77
Cotton (middling, New York, lb.).....	\$1.25	\$1.23	\$1.107	\$1.117
Iron and Steel (STEEL, composite, ton).....	\$34.23	\$35.06	\$29.67	\$32.06
Copper (electrolytic, f.o.b. refinery, lb.).....	\$0.88	\$0.88	\$0.87	\$1.02
All Commodities (Fisher's Index, 1926 = 100).....	77.8	78.0	66.6	76.1

FINANCE

Federal Reserve Credit Outstanding (daily average, millions).....	\$2,480	\$2,468	\$2,220	\$1,622
Loans and Investments, Federal Reserve rep't'g member banks (millions).....	\$17,761	\$17,737	\$16,686
★ Commercial Loans, Federal Reserve reporting member banks (millions).....	\$4,482	\$4,485	\$4,719
Security Loans, Federal Reserve reporting member banks (millions).....	\$3,556	\$3,529	\$3,811
Brokers' Loans, N. Y. Federal Reserve rep't'g members banks (millions).....	\$1,069	\$1,017	\$858	\$2,332
Stock Prices (average 100 stocks, Herald Tribune).....	\$100.02	\$99.55	\$105.79	\$131.34
Bond Prices (Dow, Jones, average 40 bonds).....	\$94.76	\$94.71	\$87.59	\$88.45
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange.....	1%	1%	1%	3.6%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City.....	1-1%	1-1%	1-1 1/4%	3.1%
Business Failures (Dun and Bradstreet, number).....	161	229	265	390

* Preliminary † Revised ★ Factor in Business Week Index

The Business Outlook

JUNE hasn't been such a bad month after all. An unprecedented siege of warm weather sent consumers to market for summer goods and results are now being reflected in chain sales reports. Summer days also stimulated motor sales, assisted by a new set of lower prices. General Motors sold more cars in June this year than in any previous June since 1929. Steel production in June reached second highest point of the year, exceeded only by May. Construction contracts for residential and public works and utility projects rose slightly above the May levels, but a slump in non-residential undertakings lowered the grand total about 5% below the preceding month.

Power Sales Surprising

Electric power production climbed to new heights last month to the surprise of all trade observers, accustomed to seeing a downward trend in the first half of the year. And check transactions, often rated as one of the best single indicators of business volume, showed a 5% increase over May. Compared with a year ago when inflation threats stirred business from its rut, the country outside of New York shows up more favorably than the chief financial center. New York's check volume clearly reflects the stagnation of the stock market, falling 8% below last year's boiling period of speculation. Some 140 centers outside of New York are 14% ahead of June, 1933.

Factory employment will probably see the first decline of the year in June, though judging from reports from the industrial state of New York, the drop will be most moderate.

Steel Wallops the Index

In view of the creditable showing for June, it is unfortunate that the *Business Week* index should open July with a nose-dive to the 60% of normal levels of last November. An explanation similar to last week's is again in order. Brunt of the decline was due to the precipitous drop in steel operations covering the July 7 week, when activity sank to 23% of capacity compared with 44.7% the preceding week and 56.1% 2 weeks earlier. This low rate was a combination of holiday, seasonal, end of the second quarter, and price adjustment factors of more than the customary influence. Since adjustment for seasonal changes is based on the average of past performance, the extraordinary break of the June 30 and July 7 weeks was only partially eased by the usual adjustment process. When steel activity

snaps back to the full week devoid of any unusual influences, the composite index of business volume will more accurately reflect general activity.

Immediate Prospects

For the second week of July, steel production is estimated at 27.5% of capacity, which is somewhat below expectations. But public works and automobile requirements will soon exert sufficient pressure to lift the rate above 30%. Steel mills are also engaged in building up their own inventories. In June, the U. S. Steel Corp. shipped 985,337 tons, the highest amount for any month since May, 1930. July will see a sharp decline from this peak, since consumers now have no incentive to order steel in advance of their immediate needs.

Still More Capacity

Despite the low operating rate of the steel industry in 1933, steel producing capacity was enlarged to a new peak estimated at 69,390,625 tons annually. While the increase for the year was but slightly more than a million tons, it adds to a huge investment that is not fully utilized even in the best years. On the new capacity basis, May, 1934, the peak of the current year, was placed at 56.4% of capacity, June at 52.7%. In the first 6 months of 1934, some 16.2 million tons of steel have been produced, compared with 8.9 millions in the same period of 1933, up 82%.

Republic Steel in the News

Republic Steel twice took the limelight this week, once on rumor of a merger with the Corrigan, McKinney Steel Co., once when it severed relations with the Amalgamated Association of Iron, Steel, and Tin Workers because of objections to radical rank and file members. Just how this move will affect the current activity of the Steel Labor Board and the general labor situation in steel, it is difficult to foretell. At any rate, it marks another definite stand of the steel companies against the "intrusion" of the national union.

328,000 Cars in June

Cutting automobile prices is believed to have stimulated the June

sale of cars that in turn forced an upward revision of production schedules. The National Automobile Chamber of Commerce now estimates June output in the U. S. and Canada at 328,000 units, only 7% below May and 27% better than last year. This would bring the first 6 months of 1934 above 1.8 million units, compared with slightly more than 1 million in 1933, a 75% improvement.

Detroit's Moderate Optimism

Sales results have changed the entire outlook of motor executives from one of doubt to one of moderate optimism. Some concerns are still planning to go after July sales harder than ever, having been encouraged by the June results of General Motors. Plant output may be stepped up to 280,000 units instead of displaying the customary sharp seasonal contraction. By mid-August, steel buying for 1935 models is expected. It now appears that the 1935 presentations of the motor industry may not be introduced by the elaborate fanfare of national automobile shows such as has been customary in the past 34 years, but may make their debut in smaller shows in all major cities under the auspices of distributors instead of manufacturers.

That "Slump" Was 2%

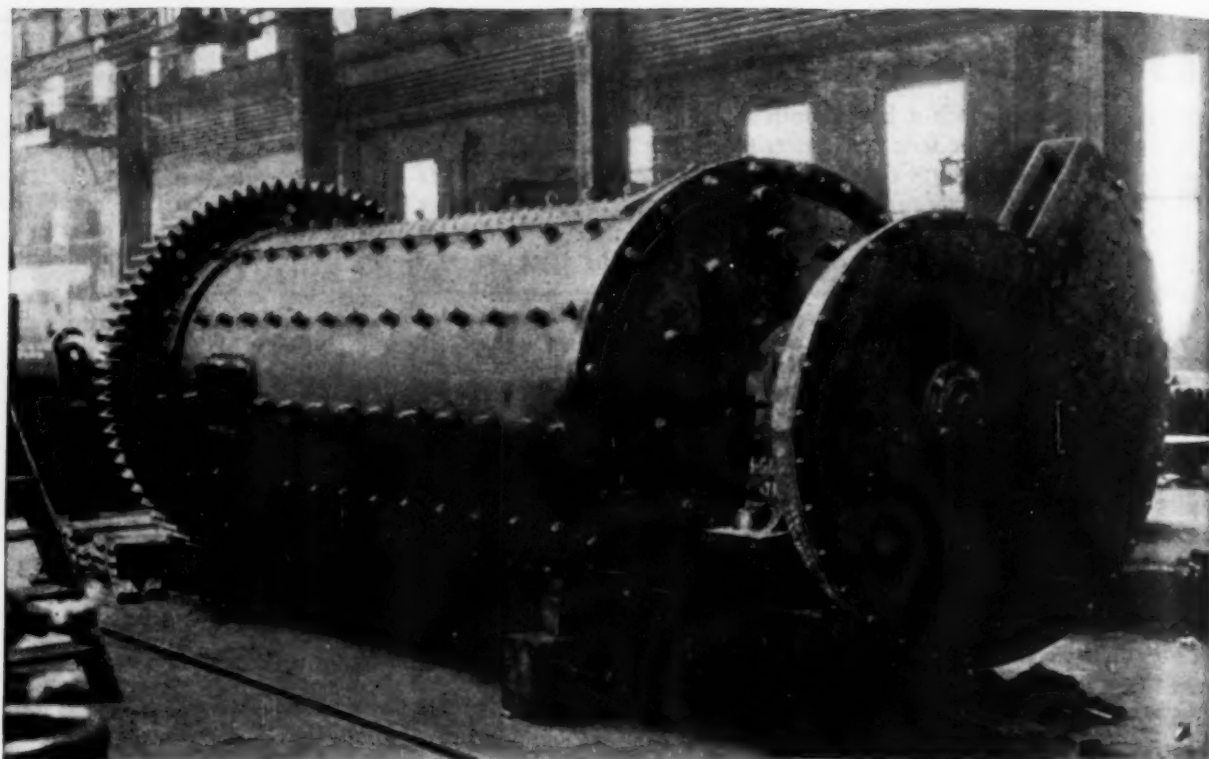
The slump in sales which gave the motor makers the jitters in May turns out to be less than 2% below the peak month of April. More disturbing to competitors than the insignificant total decline was the reappearance of Ford in first place, selling 31% of all passenger cars, a 10% increase over April, putting Chevrolet second with 26.4%, a 9% decrease from April. Ford took the lead in truck sales in May. Export business in 5 months aggregated \$86.7 millions, exceeding the entire year 1932 and nearly exceeding 1933.

Building Figures

Residential construction made the best gain in June, amounting to 7% over May, making June the second highest month of the first half of 1934. Public works and utilities construction just exceeded the May totals by 1%, while non-residential projects fell 18% behind May. Total contracts of \$127.1 millions were 5% smaller than May's \$134.4 millions.

For the first 6 months, the construction picture can most readily be seen in the following table compiled from the F. W. Dodge figures:

Construction Contracts	1934	1933	% Gain
Residential	\$131,812,900	\$113,158,200	+ 16.5
Non-residential	278,635,800	184,595,600	+ 51.1
Public works and utilities	443,991,500	154,561,600	+ 230.0
Total	\$854,440,200	\$452,315,400	+ 97.7



The machine with a rubber gizzard!

FIFTY tons of mineral ore grind and crunch between steel balls rolling inside a sheet of rubber. The mineral is pulverized . . . the rubber is unharmed!

Ore-bearing rock used to be crushed at the mines in ball mills lined with 3 inch manganese steel. But the steel "couldn't take it"—a few months of such punishment and the metal was worn through.

A mining engineer came to Goodrich with an idea, and Goodrich engineers went to work. Rubber in a thousand different compounds had performed a thousand different miracles—why not this one?

A tough, resistant rubber was developed, tried, perfected. Today there are ball mills lined with 1 inch rubber which have been crushing rock for *six years*, when a few months was all the toughest 3 inch steel could stand. Capacity of the mills is enlarged, production is further increased by eliminating frequent shut-

downs, maintenance costs are reduced, there is less vibration and noise.

Resistance to abrasion is only one of many discoveries in compounding rubber. This amazing material can now be so made that it will flex almost indefinitely; will resist oil, heat, chemicals and oxidation; will recover its shape after repeated stretching and pressure; will take almost any form, texture and color. These improvements are being used in countless products today to reduce vibration, noise, and wear, to prolong product life, to increase product appeal.

If you have not investigated Goodrich developments in rubber and how they might be applied to your product or process, you may be needlessly wasting money or losing sales. Rubber is on the march to new usefulness in industry. Take advantage of it. The B.F. Goodrich Rubber Company, Mechanical Rubber Goods Division, Akron, Ohio.

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Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—In confessing that NRA is no longer a one-man job, General Johnson does not propose to let any council of code authorities run industry, but there's no assurance that the Federal Trade Commission won't steal the show. Labor and trade practice phases of code administration may be divorced. The ban on industrial expansion may disappear along with price-fixing. The Trade Commission now is studying both.

Already empowered to issue complaints for code violations, and to hear appeals by small industries from NRA decisions, the commission never has relinquished its function as the monitor of business. Under these circumstances, there are many who believe that Johnson skidded on dangerous ground in proposing a commission form of administration for NRA. Since the Securities and Exchange Commission took charge of that phase of its activity, the Trade Commission is in position to discharge added responsibility.

Price Scramble Feared

NRA disclaims that the President's 15% order is an invitation to cut prices all along the line, but kicking from all industries which bid on government contracts is evidence that they realize their peril. Fearful of an epidemic of legalized chiseling, they don't put much stock in Johnson's assurance that if cutthroat competition develops, he will change the order.

Labor Policy Puzzles

With labor conditions becoming constantly more turbulent, the National Labor Relations Board took a dip into its docket this week, but its head is still swimming on policy. The question the board is asking itself is the extent to which it will assert jurisdiction in disputes not involving violation of 7a. The National Board may take numerous code industrial boards under its wing, but will not interfere with the steel, marine, and automobile boards, whose powers are regarded as coextensive with its own. Republic Steel's refusal to renew a union labor contract is significant principally as a trading point in negotiations when the Steel Labor Board begins to function. This move reveals conclusively that industry will increase its stubborn resistance to labor domination. Consumers, with stocks high, wait and watch.

THIS WEEK

General Johnson flirts with dynamite.

The National Labor Relations Board's knotty problems of policy.

Why the oil men will be good, for awhile.

How a President "loafs."

Still Harrying Alcoa

General Johnson's insistence that the aluminum code is not monopolistic doesn't seem to count with the Department of Justice. Mr. Cummings' lieutenants are aggressively pushing an anti-trust investigation against the Aluminum Company of America, undismayed by previous futile efforts along the same line. Of course, the Circuit Court of Appeals' finding against Alcoa, in favor of the Baush Machine Tool Co., which charged monopolistic practices and sued for punitive damages, is very much in the department's mind. This was a hard-fought case; Mr. Cummings himself was one of Baush counsel for a time.

Oil Men to Be Good

The oil situation will look better for the next month or so. The hot oil boys have promised to behave as long as the Cole oil investigating committee is on tour. With more finesse, major companies always are able to show clean hands. They wear gloves. Wolfing by Ickes on code enforcement is losing interest as a bedtime story. This week it came in on Wednesday.

Housing Drive

The Administration's request for reduction in the price of building materials and wage rates has elicited no response, except from lumber. Reduction in minimum mill prices, following the recent retail price cut, is imminent. The Housing Administration is planning radio, movie, and advertising campaigns to sell home modernization, pulling together a

nation-wide organization in the hope that government insured loans will begin to flow inside of a month.

Consumers Pipe Up

The NRA Consumers' Advisory Board has begun to fight to substantiate its demand for quality standards. The first move is a ponderous report, due in a fortnight, surveying the welter of terms used in various trades to designate quality and dimensions. The board will follow up with a campaign to write uniform standards enforceable by government or code authorities.

No Idle Cruise

President Roosevelt is playing a big organ with lots of pipes. In this day of efficient radio, he is not missing a note even though he is on the high seas. The White House staff is kept just as busy with orders emanating thousands of miles away as when they come from the inner office. Secretary McIntyre thinks he is busier. With fewer callers, the President has more time to work.

Machine Tool Business

Having distinguished itself last year in converting quickly \$2,100,000 into employment and machine tools, the Navy offers to duplicate its feat this year with \$3,500,000. The Army also is clamoring for an additional \$1,500,000 for machine tools. This total may be diverted from non-federal projects because of the bad record of such projects in getting started.

Wallace Shakes Fist

Wallace threatens other nations with discontinuance of crop curtailment next year unless they also abide by the limitations of the wheat export agreements. This is more than a gesture in an effort to reestablish foreign markets. The shrinkage in cotton exports is a more important factor than wheat in the low gross agricultural exports this year. Despite the extremely weak export demand, the market responded favorably to the July acreage report.

Concrete Situation

Writing a code is a give-and-take process but the cement industry claims it is doing all the giving and NRA all the taking. Some 41 proposed changes, together with its labor provisions, are regarded as inviting failure of the code. Wednesday's hearing raised sharp issue as to whether voluntary is to be supplanted by imposed regulation. Deputy Administrator Murray took exception to statements that competition is wanting. A St. Paul buyer testified that he had to fight off 11 salesmen every day.

"We got the figures 30 days too Late!"



(General Manager and Purchasing Agent
going over inventory statement)

PURCHASING AGENT: You see, I got a good price on these parts and so I bought them.

GENERAL MANAGER: Parts enough for the next six or eight months! And stock practically exhausted on other parts!

P. A.: Yes, we've got to place more orders right away to keep up production.

G. M.: So our inventory account goes way above normal again! Save a little money by buying more than we need of one thing . . . and lose twice as much by tying up a lot of capital in stock we don't need.

P. A.: Well, I thought I was justified . . . with the figures I had.

G. M.: Figures . . . what kind of figures?

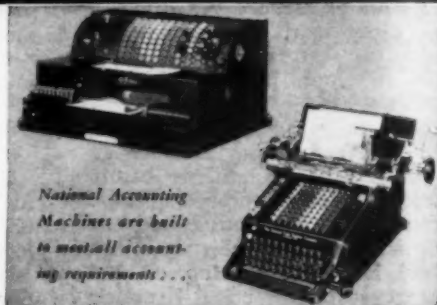
P. A.: They were all right . . . but I got them 30 days too late.

G. M.: This is certainly no time to operate on the basis of figures 30 days old. We must have accurate inventory figures daily. I wonder how we can get them?

P. A.: I was talking to our auditor about this very thing, and he thinks a National Accounting Machine System is exactly what we need. He understands that it would automatically keep our stock records

up-to-the-minute, and do it with less work than with our present methods. Besides, he says it would give you daily figures of sales, accounts receivable, accounts payable, and other data you ought to have to give you positive control.

G. M.: If it would give us today's facts today, an appointment with the National Representative is in order.



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Machines are built
to meet all account-
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Realizing the new problems that face executives today, we have made a special study of methods for meeting these problems. We are prepared to show you how you can keep your inventories on a sound operating basis . . . have a better current

ratio between assets and liabilities . . . have accurate facts about costs and sales . . . how you can get statements out on time . . . how to take care of accounting work with limited hours. We invite you to mail the coupon . . . Or write us if you wish.

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JULY 14, 1934

Waterfront War

Pacific Coast port strike's far-reaching effect on business has demonstrated the importance of the labor problem still facing the government.

SAN FRANCISCO (*Special Correspondence*)—When San Francisco defaulted on its official Fourth of July celebration this year the waterfront grimly explained that the fireworks were tied up somewhere on the docks. When fireworks went off on the docks next day, blowing the waterfront strike onto the front pages of all its newspapers, the country needed little further explanation of why you can't settle labor conflicts by Congressional formulas alone. The special labor board sent into the Pacific Coast conflict by the latest Congressional formula (*BW—Jun 23 '34*) prepared to meet the crisis that came this week by old-fashioned methods of arbitration that bear little relation to NIRA's famous Section 7a.

What It Has Cost

The importance of its job had already been measured in figures affecting all parts of the country. The strike that started with the longshoremen and seamen had almost completely tied up the ports of San Francisco, San Diego, Portland, Seattle, and Tacoma (though open-shop Los Angeles was seeing all its

shipping records broken). Cargoes for Alaska were moving from the Northwest only on the longshoremen's sufferance. In the prostrate ports, allied unions, led by the teamsters of San Francisco, were preparing for a general strike.

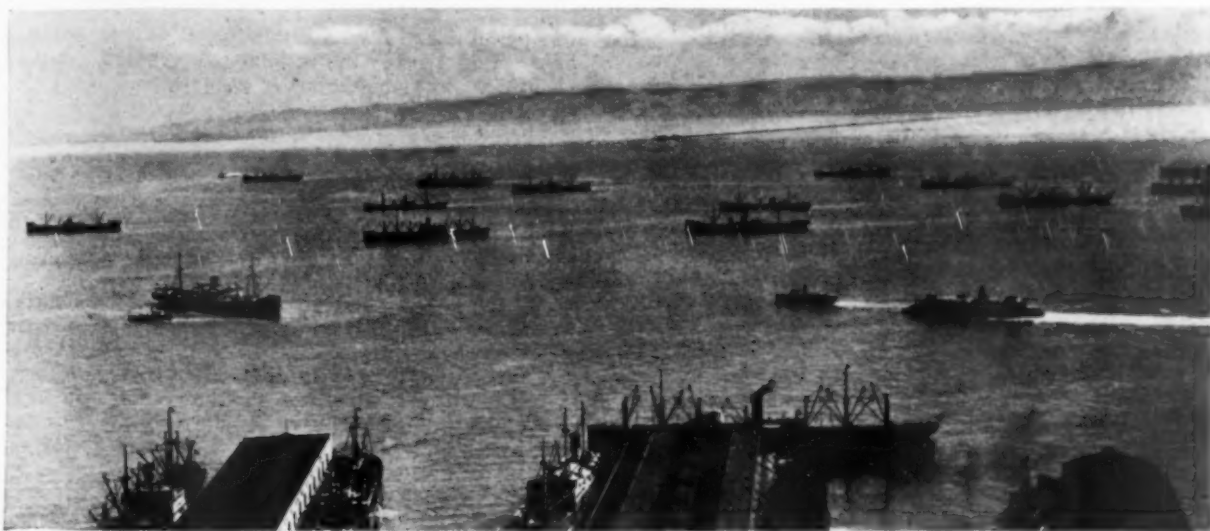
Costs were estimated at \$700,000 a day in San Francisco alone (about \$1 a day for every man, woman, and child in the city), \$10,000 in wages lost to strikers. About \$70,000 a month had been added to the federal and state relief bill. The first month of the strike, local bank debits dropped \$55 millions below average. The Northwest's lumber industry was practically shut down; so was the sugar industry around San Francisco, with its Hawaiian cane cut off. Coastwise traffic, whose cargoes amounted to \$45,387,639 a month in 1932, was dead; carloadings were heavily increased. Results like these had already been felt in the broad indices of national business activity.

Original issues involved in the Coast conflict had been muddled—and bloodied—in the subsequent fighting,

complicated by psychological ones as argument had given way to gunfire and gas. The well-organized longshoremen walked out on May 9 demanding recognition of their International Longshoremen's Association under Section 7a of NIRA, a closed shop, and union control of the hiring halls where jobs are allotted. When a settlement was reached on these points, they refused to come back until the steamship companies had met the demands of the 10 maritime unions. These had struck for similar recognition and been told that the number of men still working proved that their unions did not represent a majority of employees, but that the companies would recognize representatives elected under government supervision. Three apparent settlements engineered by mediators had been repudiated by the strikers.

Issues Go Way Back

Hearings called by Archbishop Hanna, Edward F. McGrady and O. K. Cushing, the President's Labor Board, brought out older grudges against employers, dating way back to the Shipping Board of the Harding régime and the breaking of closed shop agreements at that time. Labor spokesmen dwelt on a long list of abuses: no time off in port, no overtime pay, bad food, blacklisting of union members, forced membership in company unions, company-owned hiring hall favoritisms, and, of course, longer hours at lower wages. They



TRADE TIE-UP—The Pacific Coast's maritime strike has stalled at port over 250 ships, paralyzing the entire business area. Estimated effects of strike (up to this week): Tonnage loss to shippers, over \$50 millions; cargoes tied up, over \$75 millions; wage loss, \$3.5 millions. To get a picture like this has cost San Francisco about \$700,000 a day.

charged shipping interests with organized resistance to an NRA code and told the Labor Board that their leaders had been snubbed when they went to Washington to confer with the shipping men on code labor provisions.

All this was seething in the pot when, after repeatedly heeding requests to await the outcome of mediation, San Francisco's Industrial Association served notice that it would open the port July 3—taking united action to prevent reprisals against individual firms trying to move goods from the docks or from the ships that had been anchored in the bay for 2 months. Police, mobilized to protect the opening, were attacked with bricks, replied with tear gas and eventually with shots. On July 5, Governor Merriam called out the National Guard to restore order, protect the state-owned Waterfront & Belt Line Railroad. Toll: 2 dead, 20 wounded by bullets, an uncounted number gassed, stoned, and clubbed.

Behind the waterfront situation is a political one that business is anxiously watching. Insiders point out that the late Governor Rolph would not have called out the troops as Merriam did.

Grand Code Finale

General Johnson's code to end codes is baited with provisions that should make it easy to round up stragglers.

WITH one fell swoop NRA Administrator Hugh S. Johnson's executive orders of July 10 have brought the end of code-writing within sight. Inside of 30 days industries past the hearings stage will have buttoned up their codes, others will have chosen between joining some related group or adopting a basic code drafted by the General and likely to make many of the 476 codified industries turn green with envy.

That such a "mopping up" was on the way has been known for some time (*BW*/Jun2'34), but few expected that it would be so all-inclusive, would constitute such a graceful gesture to the small industries (Mr. Darrow please note), would sweeten the order for speed with anything so appetizing as the open-price plan, the provision for cost determination by impartial agencies, and the price-cutting emergency clause—all of which became available to the stragglers.

The new basic code is the final product of all NRA's code-making experience, built on knowledge gained from watching codes work, its phraseology following the standardized pattern of codes approved during the last 3 or 4 months. Hour and minimum wage provisions are left blank but wage differentials as of June 16, 1933, are to be

As a shipping man, he negotiated the original closed shop agreement in 1901. Moreover, he was running for reelection, strongly supported by labor. His Lieutenant Governor, who succeeded him as governor and candidate, is likely to have business support but his action has aroused so much bad feeling in labor ranks that the Republicans, already outregistered, may lose heavily. Furthermore, the Democrats have so many candidates in the field that there is a long chance that Upton Sinclair, socialist and radical propagandist extraordinary, now disguised as a Democrat, may beat out George Creel, the government's extraordinary wartime propagandist.

Sinclair is running on an "End Poverty in California" platform with strong left-wing support and Californians talk darkly of a deep communist plot to use Sinclair's election as an entering wedge into national politics—with a farm labor strike and protraction of the waterfront war as part of the strategy to ensure that labor will "vote for vengeance." Things like this are, of course, hard to prove and the immediate issues on the docks are economic, but the political ones can easily get into the picture.

maintained as between then existing rates and the minima at that time. Fair trade practice provisions, when applied for by 75% of the members of an industry, become effective upon approval by the Administrator or, if under the AAA, when approved by the Secretary of Agriculture.

The prescribed schedule calls for completion of the 135 post-hearing codes within 15 days from July 10; directs the remaining industries with codes pending to join another group or adopt the basic code within 30 days; demands that industries not codified but appearing to be "harboring or condoning abuses of labor" show cause within 40 days why a code should not be imposed. The only exceptions to this sweeping order are the service trades, previously dealt with (*BW*—May26, Jun2'34), and a few industries in which "special and important economic, labor and legal conditions" exist, such as anthracite coal, shipping, and telegraph communications.

Those familiar with the contents of most of the codes suggest that the new basic code, being clearly NRA's idea of what a code should be, may start a fad for code revision, particularly among the first 200 or 300 codified industries that really provided the experience on which

this final master pattern was shaped. They predict also that, with a standardized code to adopt, many related industries will want to consolidate operations under one code, reducing cost of code administration and enforcement (*BW*—Jun30'34), finally cutting the number of all NRA codes below 300, the number many consider ample to cover the needs of all industry.

Housing Drive

Home modernization campaign expected to start within 30 days, baited with bargains.

HOUSING ADMINISTRATOR MOFFETT'S "guess" is that the government's home repair and modernization campaign may be under way in less than 30 days and that a goal of \$500 millions spent in home repair and modernization by fall is not beyond reach. He adds that "it would be perfectly natural for building materials concerns to shade their prices as volume increased."

Administration housing experts are not so reticent on the cost factor, think volume may be sluggish unless materials prices are brought down, and are now in negotiation for advance reductions. The cement industry has been asked to cut its open-price list 15%. The lumbermen are preparing to reduce the mill price minima by 10%. Prospects of better employment are being emphasized to win concessions on building wages. Freight rate cuts on building materials are practically certain.

However, announcements of all such bargains are likely to be held up for a timed release that will give the modernization campaign a big send-off when it is officially launched. And the full force of the Administration's attempt to bring down building costs may not be felt until this initial drive is overtaken by the new home building which is to be the major feature of its program.

Labor Straws

Labor Board shows fight; steel company shows caution.

WHILE business has been watching the strike on the West Coast this week, there have been two significant labor developments in the East.

(1) In discussing policies now being formulated by the new National Labor Relations Board, Chairman Garrison made it clear that, though the Board can actively intervene in labor disputes only on invitation from both sides, it will not wait for an invitation to apply the pressure of Administration prestige to any dispute. Those who thought the law had relegated the Board



NATIONAL LABOR RELATIONS BOARD—Sworn in this week by Secretary of Labor Perkins, this new board will cooperate closely with the Labor Department, already has 100 disputes to arbitrate and mediate. Left to right: Edwin S. Smith, Massachusetts; Harry A. Millis, University of Chicago; Lloyd Garrison, chairman, University of Wisconsin; and Secretary Perkins. Wide World

to a passive role wondered if they had overlooked something.

(2) Republic Steel Corp. told Michael Tighe, old-line head of the Amalgamated Association of Iron, Steel and Tin Workers, that the growth of his radical "rank and file" group was too dangerous for it to risk renewal of its 21-year

wage contract with the union. That group, beaten by Tighe in the steel strike argument, will naturally hope that this was a shrewd estimate of the trend, not an alibi. In any event, such a sequel to Tighe's victory over his left wing is likely to prove a blow to union conservatism.

McKinney was made largely by means of bank loans which still amount to some \$25 millions. Some of the same banks which made the loans later acquired many shares in the Cliffs Corp., holding company controlling Cleveland-Cliffs, when they bid in the collateral of Continental Shares, the holding company that Cyrus S. Eaton had used in putting together Republic Steel in 1929. Union Trust Co., of Cleveland, now in liquidation, has an interest of nearly \$7 millions in the Cleveland-Cliffs loan and the liquidator of the bank has been urging the sale of Corrigan, McKinney. The fact that the loan is held by a closed bank is both a source of pressure and an obstacle to carrying the companies along until a more favorable time may be found for funding the loan.

Inasmuch as large back dividends of preferred would have to be met on Republic, as well as reductions made in bank loans and stock holdings, the consummation of these mergers probably waits upon a favorable moment for selling new securities.

Steel Talks Merger Again

Latest move to combine Corrigan, McKinney with Republic and Otis offers market advantages but most of the pressure comes from the Cleveland banks.

THE independent steel industry of the Lake Erie district, long the special province of the Mathers of Cleveland and other iron ore operators even more individualistic than they, at last seems about to be integrated with the big steel combines.

Financial considerations are important in the proposal to unite Corrigan, McKinney Steel Co. and Otis Steel Co. of Cleveland with the Republic Steel Corp. Though market factors are present, as the merger would give Republic large primary capacity closer to Detroit than its mills at Youngstown, Canton and Massillon, the pressure for union comes mainly from Cleveland banks.

These and other independent steel concerns of the Middle East, including Youngstown Sheet and Tube, and Wheeling Steel, are crisscrossed with stock interests, but it has been proven before this in the industry that even close connection has not been enough to effectuate a merger.

Another reason for joining the companies is the desire of William G. Mather to wrap up in fewer packages the ramifying interests of his family in

iron ore, steamships, furnaces, steel works and holding companies. Mr. Mather retired as president of Cleveland-Cliffs Iron Co. recently, but is still active as chairman. Cleveland-Cliffs is the old family company in the ore business of the Northeast. It also holds indirect control of the Corrigan, McKinney Co., which Mr. Mather bought from Mrs. James W. Corrigan in the deceptive April of 1930, when Clevelanders were fixing themselves to lose more money eventually than they had lost in the autumn of 1929.

Corrigan, McKinney, a million-ton mill, sells 90% of its product to automobile plants. To acquire finishing capacity, it bought most of the shares of Newton Steel Co., which has a new sheet mill at Monroe, Mich., but not a continuous mill. Rumors of automotive rebellions against steel prices have recently been accompanied by other rumors that General Motors was dickering for this setup. A merger with Republic definitely removing that hazard is sure to have the blessing of the rest of the steel industry.

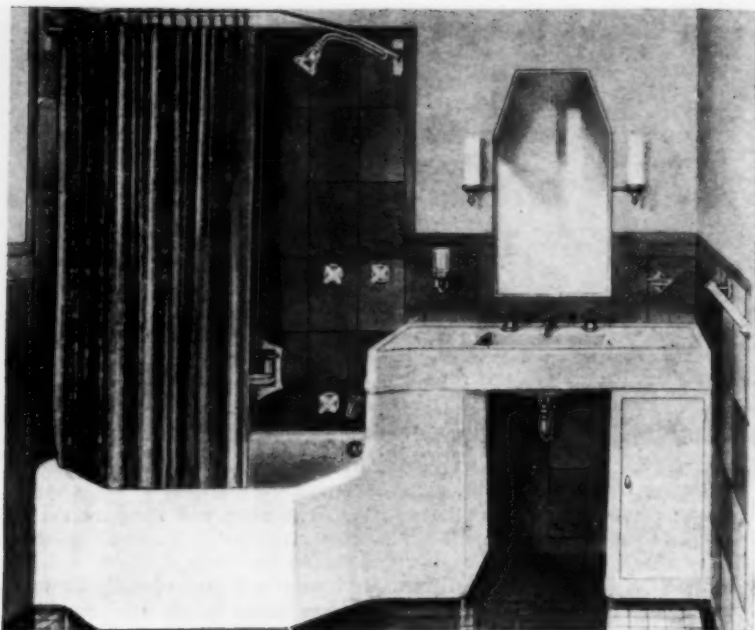
Mr. Mather's venture into Corrigan-

Bath Unit

Tub, shower, and dressing table-washstand make a new, compact combination.

UNTIL this year, when Standard Sanitary introduced its new diagonal tub (BW—Apr 21 '34), bathtubs have changed little in fundamental design. Now comes another departure from the tub tradition which has been maintained since bathing was illegal.

Lavashower is a new unit incorporating tub with shower, lavatory, and cabinet. The tub extends under the pedestal of the washstand, permitting the standard 5-foot length. The front of the tub bulges outward to give the foot-



COMBINATION FIXTURE—Bathtub, washstand and towel cabinet are combined in this new unit which permits full-sized fixtures in half-size bathrooms. The tub extends under the lavatory, is wider in the middle to make a shower stall. Broad ledges make the lavatory a dressing table. The cabinet holds towels, supplies.

Business Week

room of a shower stall, and a large flat bottom for slip-proof bathing.

The lavatory, being supported by the tub on one side and the towel cabinet on the other, needs no brackets or hangers, serves also as a dressing table with plenty of space for toilet accessories.

All three pieces, due to their compact design, will fit into a 5'x7' space, a selling point expected to make a great hit with architects, hotels, steamships, and homeowners trying to find space for another bathroom.

The whole unit is porcelain enameled on iron, sanitary and stainproof.

Oil

Lacking additional power, government will hit hard with what it has to enforce oil code. With big-company co-operation, the Administrator stops a few price wars, and shuts off some hot oil.

LORD HIGH OIL ADMINISTRATOR ICKES has covered his defeat on the oil control bill with a display of action that belies his plaintive attitude prior to adjournment of Congress. No more is heard of constitutional inhibitions—now it's "the strong hand of enforcement."

Honest but human, Mr. Ickes apparently played up the fragility of his authority under NIRA to induce Congress to prescribe the Disney bill for the oil industry. Frustrated by vociferous opposition from Texas, Ickes now is planning to put every scrap of authority he can find behind measures to accomplish the same purpose as a new law—stabilization of the industry. There is a certain amount of bluff in this, too.

His first move was to announce his intention to apply to crude the quotas in commerce theory that now governs gasoline refinery operations. A hearing on amendments to bring this proposition within the industry's code brought out no opposition.

New taxes slapped on oil by the revenue law when hot oil runners were tending to business may help to stem the tide of crude supply. The tax amounts only to 1/10¢ per bbl. when the crude is produced, another 1/10¢ when refined, but if the producer pays the tax on hot oil, Ickes gets him; if he doesn't, the revenooers get him. All producers and purchasers must register with the Internal Revenue Bureau before July 17. Hot oil enforcement officers will be

deputized as revenue agents and vice versa.

Following a recent visit to Washington, R. D. Parker is likely to turn up as head oil tax collector in Texas, where he enforced the state proration law too satisfactorily to please the politically minded Railroad Commission. Mr. Parker resigned and was fired from that job the same day, to the relief of many pensioners on the commission's payroll whose jobs were fast disappearing.

Buying Up Hot Oil

Another feature of the Ickes stabilization program is the recently approved East Texas refinery agreement under which the major companies will buy the stored gasoline of operators pledged to run no more hot oil. It was suddenly recalled that this agreement, negotiated by Howard Bennette, coordinator of refining, flouted the President's order last July prohibiting interstate shipment of hot oil and its products. It was finally decided that it was impossible to tell which gas was hot and which was legal, so the Treasury agents have turned their backs and the gasoline is moving out. Provisions against running hot oil in the California petroleum agency agreement also are intended to balance crude production and demand.

Ickes has approved the first contracts for purchase by major companies of surplus gasoline made from East Texas hot oil. About 75% of the refiners have signed up, representing 500 to 700 tank carloads—5 million to 7 million gal. The price under the first contracts was 3½¢ a gal. of which 25¢ is held back as a guarantee that no more hot oil will be refined.

Coincident with announcement by Oil Administrator Ickes that agreement has been reached with Attorney-General Cummings to expedite prosecution of violators of the petroleum code, particularly those who refuse to abide by marketing provisions, comes a report that only one of over 250 cases referred by the Ickes board to the Department of Justice is against a major company.

Independent Offenders

In the absence of any official explanation, this wholesale docketing of complaints against independents seems strange. On its face it would indicate that the bitter complaints of independent marketers against the big companies do not have sufficient substance to bring before the courts, that regardless of what extenuating circumstances may exist, independents are the real offenders.

Many independents have been heard to assert, however, that major companies dominate local code compliance committees, where most complaints of violation originate.

The Cole oil investigating committee is on a jaunt into the oil fields. The tour of the special House committee is personally conducted by E. B. Swan-

First Shown at the World's Fair in June
Now Ready for the Road:

A new and greater line of
**INTERNATIONAL
TRUCKS**

Latest and finest of trucks... A new high in style and distinction... New values in utility and performance... A complete new line of *Internationals*! The powerful 4- to 5-ton unit below is one of a beautifully streamlined series of trucks that are *all-truck*, embodying new engineering features and new mechanical excellence throughout. Take Harvester's word for it—the quality apparent on the surface is more than matched by the quality underneath. It is the *EXTRA* quality that International Truck owners have banked on for more than thirty years. See these new Internationals. All models, from $\frac{1}{2}$ -ton up, now on display at International branches and dealers. For details, write International Harvester Company of America, Inc., 606 S. Michigan Ave., Chicago, Ill.



son and J. Howard Marshall, members of the Petroleum Administrative Board assigned by Ickes, who is sincere in his desire that all the facts bearing on the necessity for permanent legislation be developed.

Administrator Ickes has a way with him in settling gasoline price wars. He has only to remind the contestants that the Oil Administration may find it expedient to fix prices. Wars raging for several weeks in Chicago, and in the vicinity of Huntington and Parkersburg, W. Va., Roanoke and Richmond, Va., and Nashville, Tenn., ended with assurance given to Ickes by the Standard Oil Companies of N. J. and Indiana, the market leaders, that they would restore their prices to include a 1¢ per gal. differential over independent trackside operators.

Standard's Position

Standard of Indiana, in a statement, announced willingness "to do anything it reasonably can to eliminate the senseless price wars" which have disrupted markets. But in making the price concession "to aid the Petroleum Administrator in his commendable effort," Standard "does not recognize the validity of the arguments trackside and other cut-rate marketers have advanced in an effort to obtain government enforcement of a price differential between advertised and non-advertised brands," and reserves the right to meet prices if necessary to keep its share of the business.

Floor Made Ceiling

But cut in retail tire prices is accompanied by an increase on tires for new cars.

ALL important tire manufacturers have just cut retail prices down to where the so-called "floor" prices, established under NRA's "emergency" decree (BW—May 12 '34) are virtually the top.

Insiders have been expecting this move. The industry had looked for record-breaking replacement sales dur-

ing the first half of 1934. Inventories of finished casings were built up accordingly. In April they reached the highest total since July, 1929—nearly 12 million units. The buying rush did not materialize. Vicious price competition among dealers, a fancy-guarantee competition among mass distributors, impending codification and other factors confused prospective retail buyers, made them wary.

After the Recovery Administration set bottom prices earnest arguments that higher quality justified higher-than-code prices no longer proved convincing to consumers; NRA's floor became the ceiling and the only limit recognized by chiselers. So the manufacturers have merely recognized the inevitable.

Regular dealers, now forced to work on smaller margins and wondering how they are going to pull through, find one decidedly bright spot on the horizon. Simultaneously with the cut in consumer's replacement prices, the manufacturers gave a 7%-15% boost to prices charged automobile manufacturers for new equipment tires.

Replacement Hope

Old-timers take this as definite indication that tire makers are getting ready to cut loose from that old tradition by which automobile makers were supposedly entitled to very low prices on the theory that the public would continue to buy the brand of tires with which the new car came equipped, thus assuring maker and dealer a nice volume of profitable replacement business.

They point out that that idea was sound when tires were guaranteed for 3,000-5,000 miles, when "adjustment" sales were a powerful factor, and replacement buying of whole new sets of tires was considered at least an annual event. They hold that today, with tires good for 20,000 to 50,000 miles, the influence of new equipment on replacement sales is disappearing, point out that several big tire companies do not even solicit original equipment contracts.

It is argued that if tire manufacturers will make car makers pay reasonable

prices for new equipment, the extra income might be used for readjustment of price schedules by which dealers' margins would be restored without any increase of consumer prices.

The Tire Case

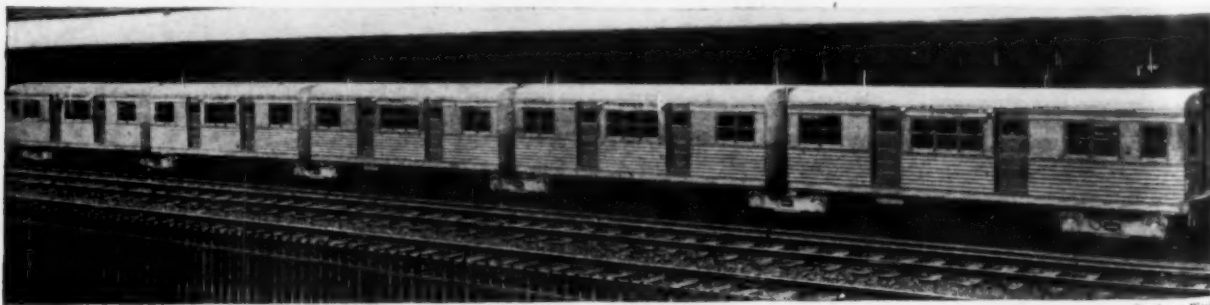
Goodyear-Sears, Roebuck investigation by the Trade Commission draws toward its close, apparently proving nothing much.

PRESUMABLY, with hearings which have been in progress for two weeks at Akron, the long-drawn Federal Trade Commission investigation of the Goodyear Tire & Rubber Co. contracts to manufacture private brand tires for Sears, Roebuck is drawing toward its close. The commission is investigating charges that the contracts lessened competition and promoted a monopoly.

All Akron has been edified by the public parade of Goodyear's private records, but Akron, full of tire-wise folk, can't see that the commission is getting anywhere. For instance, it develops that the charges were based on statistics covering only one-eighth of the tires made for Sears, Roebuck and one-sixth of the tires that Goodyear makes. Total figures showed a different picture. During 8 years, 1926-33 inclusive, sales to Sears topped \$119 millions and earned a profit of \$8.3 millions, or 6.98%, while Goodyear renewal sales topped \$645 millions, earned \$59 millions, or 9.16%, which is only 2.18% greater than realized on Sears business.

Charges of monopoly and lessened competition were based to a considerable extent on several hundred Sears advertisements. Goodyear wants to counter by offering in evidence some 30,000 advertisements in newspapers that show competitive conditions.

Speaking of monopoly, other Akron manufacturers have tart remarks to make. They resent any implication that they are also-rans, and that Goodyear dominates the industry.



STAINLESS STEEL EL TRAIN—Light-weight train competition has entered the rapid-transit field. Recently, Pullman proudly displayed its aluminum train built for Brooklyn Elevated use. Here is the steel entrant, built by E. G. Budd, using the shot-weld construction of the Burlington Zephyr. This 5-section, articulated car is rubber-mounted, boasts indirect lighting, a new heating and ventilating system, smooth fast acceleration, electric doors, electric brakes automatically adjusted to the weight of the passengers.

What the
fleet own
car drive
them the
gasolene
to operat
Cities



All 4 Endorse POWER PROVER SERVICE

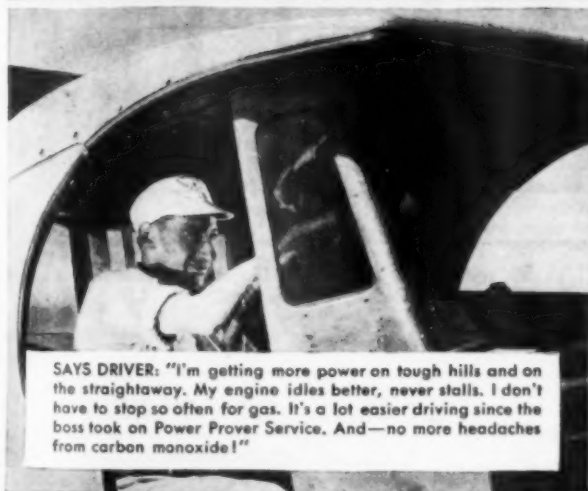
... for gasoline savings up to 30%, increased power and lowered maintenance costs.
Read what they say. What the POWER PROVER did for them, it will also do for you.



SAYS EXECUTIVE: "By reducing my fleet's gasoline and oil consumption, the Power Prover cuts down trucking costs. That shows up on the profit sheet. I also notice savings in repairs and lower maintenance costs!"



SAYS SUPERINTENDENT: "Power Prover Service helps keep our trucks on the road more... they're not in the shop so much for overhauls. There are fewer repair jobs... less spoilage from goods destroyed by exhaust gas. You can't beat the Power Prover for assuring low cost per mile!"



SAYS DRIVER: "I'm getting more power on tough hills and on the straightaway. My engine idles better, never stalls. I don't have to stop so often for gas. It's a lot easier driving since the boss took on Power Prover Service. And—no more headaches from carbon monoxide!"



SAYS PRIVATE CAR OWNER: "I thought my engine was fine. I was wrong. The Power Prover showed it was only 60% efficient. Now, my gas and oil costs are way down, my car's pep and power way up. I'm going to have my car Power Proved every three months—to be sure I keep that smooth, powerful performance!"

What these men say is the story told by 5000 fleet owners and many thousands of private car drivers. It was proved conclusively to them that poorly adjusted motors waste gasoline... waste power... are more costly to operate.

Cities Service Power Prover Motor Test-

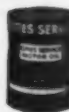
ing and Adjusting Service includes three distinct steps... (1) an analysis of exhaust gases; (2) a comprehensive 23-step testing and adjusting routine; (3) use of exclusive, patented Cities Service Tuning Tools and Precision Instruments.

These services cut down gasoline and oil

costs as much as 30%—cut down maintenance costs—cut down overhaul and repair jobs—and add powerful performance—add truck-working hours—add profits.

Learn how Power Prover Service can, at trifling cost, help you cut expenses just as it has for others. Mail convenient coupon today.

NOW... in refinery-sealed cans



Two great oils...CITIES SERVICE MOTOR OIL and KOOLMOTOR OIL. One and five quart sizes. Your guarantee of oil as fresh, clean and pure as the day it left the refinery. Also full measure of the correct grade. Ask for these great oils in cans.

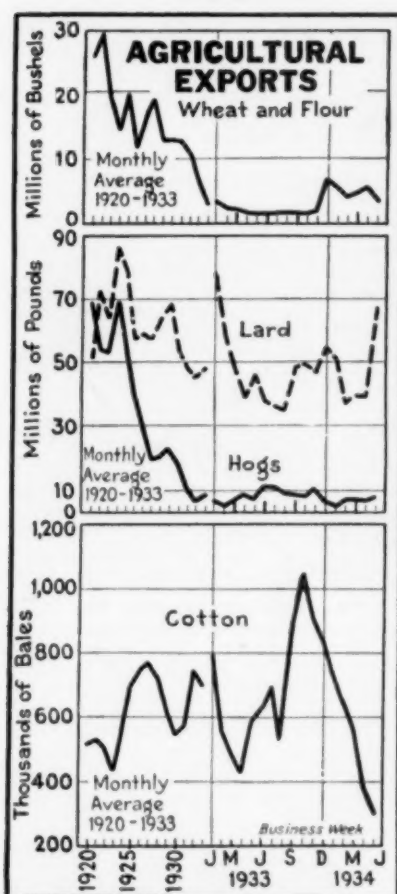
SEND FOR THIS FREE POWER PROVER INFORMATION

CITIES SERVICE POWER PROVER
Room 722, 60 Wall Street, New York City

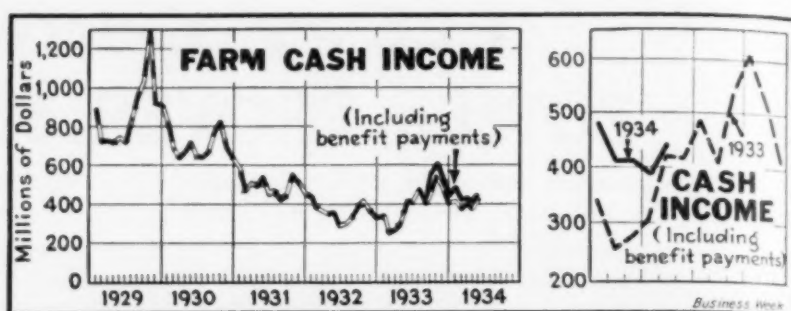
Gentlemen: Without obligation on my part please tell me how, at trifling cost, I may cut my gasoline bills as much as 30% and lower maintenance costs.

Name

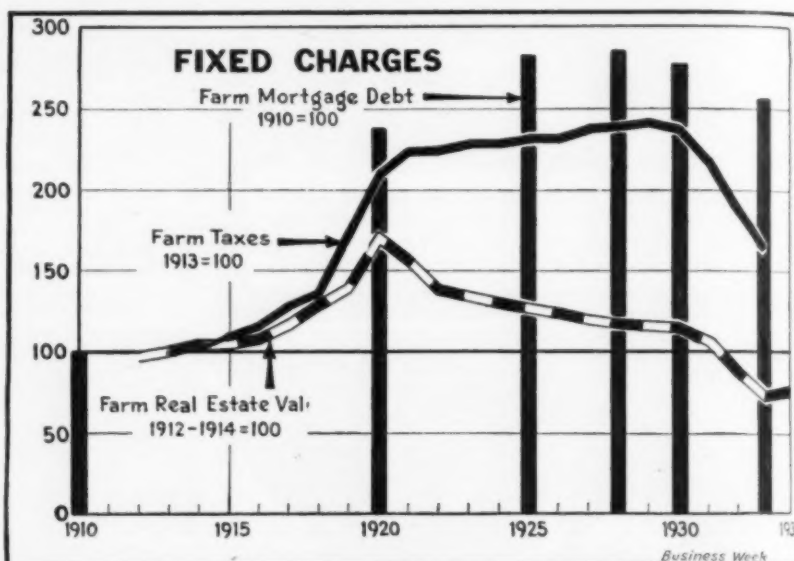
Address



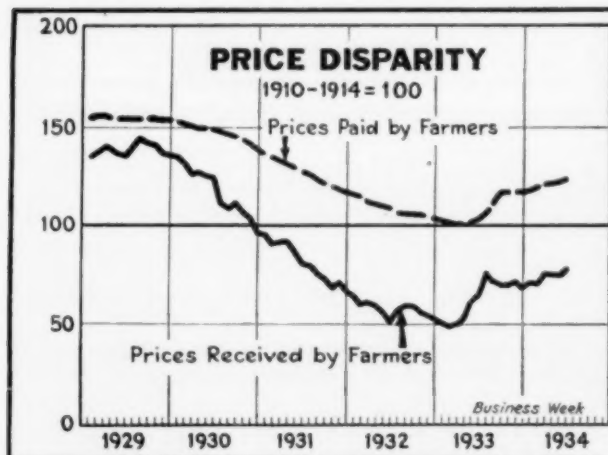
VANISHING MARKET—The world isn't buying our wheat or hogs. Lard now is moving at a rate that compares favorably with a 13-year average. Cotton went in large volume last year; 1934's curve has slid down a precipice.



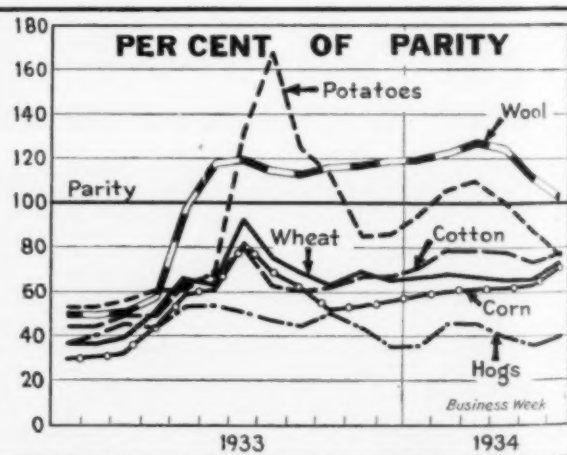
MORE CASH—Rising income, helped by benefit payments, has built up farm purchasing power. But estimated 1934 income is still 33% below the 1929 level.



FIXED CHARGES CUT—Taxes and interest have been reduced and value of farm land has turned upward. Farm mortgages neared their peak in 1925.



FARM DOLLARS—Disparity in prices between what the farmer buys and what he sells has narrowed but the gap still shows. The spread was greatest in the early summer of 1932.



SHORT OF GOAL—Only wool has the purchasing power of 1910-1914 in terms of other goods, the much-discussed "parity." Hogs stand at 40%; wheat, cotton, corn between 70% and 80%.

Auditing the New Deal

2. The Farm Policy. Its dual objectives—to raise prices and lower debts. What the cold figures show as to the results achieved so far, and the cost.

REESTABLISHMENT of farm purchasing and debt paying power is an indispensable pillar in the Administration's projected rebuilding of prosperity. Purchasing power given to the humble husbandman was to revitalize all industrial activity. The farmer was to be rescued from the thralldom of his mortgage by a general revision of the farm debt structure. These objectives were embodied in two measures:

(1) An Act creating the Agricultural Adjustment Administration which aims to reestablish parity prices, meaning the purchasing power of agricultural products on the basis of the 5-year average 1909-14 inclusive (except in the case of tobacco, where 1919-1929 prices are parity) and to balance production and consumption of farm products;

(2) Centralization and expansion of the Farm Credit Administration which aims to refinance existing farm mortgages, to write down mortgages, to lower interest rates, to provide better facilities for long and short term credit and, in acute cases, as provided in the Frazier-Lemke Farm Bankruptcy Act, to force creditors into adjustments.

Two Lines of Attack

In a broad way, the Administration attempted to accomplish its objectives along 2 divergent lines: (a) by inflating farm prices; (b) by deflating farm debts.

It was no accident that the inflationary measures in the Thomas Amendment were attached to the Act creating the AAA, because the monetary policies of the Administration were intimately related to the price-raising program of farm commodities to which the Administration was committed. In a sense, the entire recovery program was based upon increasing farm income. The increased farm purchasing power was to stimulate all industry. In a broad way, the farmer was to receive benefit payments for decreasing crop acreage and these benefit payments were to be obtained from processing taxes on agricultural commodities.

How Far Successful?

To what extent have these objectives of the Administration been reached?

Cash income for the farmer has risen, but parity prices have not been reached. The gross cash income, which had fallen to \$4.3 billions in 1932, from the \$10.2 billions average between 1925-1929, rose to \$4.9 billions in 1933, to which should be added \$160 millions of benefit payments. For the

first 5 months of 1934, including benefit payments, cash farm income is running 33% ahead of the same months in 1933.

On the basis of present price levels and anticipated crop production, the 1934 cash income may be estimated at about \$6.5 billions, to which should be added between \$700 and \$900 millions of benefit and rental payments, and between \$200 and \$300 millions of drought relief, thus making the cash income around \$7.4 billions, or an increase of over 70% above the 1932 cash income. But the estimated 1934 income at \$7.4 billions is still 30% below the 1929 level.

The Farmer And The New Deal

The New Deal has tried to do two things for the farmer—inflate prices, and deflate debts. Factual check-up of results so far shows that:

(1) Farm product prices have been raised considerably, but the announced intention to restore to the farmer's dollar its purchasing power of 1910-1914 has fallen 39% short of achievement.

(2) Production control programs have been more effective than most observers expected. Government checks bought cooperation, and enforcement was pretty good. But again, performance fell far short of the goal.

(3) Processing taxes so far have met all bills for benefit payments.

(4) Drought this year accentuates the appearance of success.

(5) The debt relief program is working rapidly and with reasonable success.

The purpose of this series of articles is merely to examine concrete effects of Administration policies, up to this date. On that narrow basis, the farm program must be accounted a moderate success. The wisdom of a program of subsidy and crop restriction as permanencies certainly is open to grave doubt. But so far it certainly has improved the farmer's position.

Next in this series, *Business Week's* audit of the New Deal, is "The New Deal and the Banks."

Encouraging though this increase in farm cash income is, the stated goal has not been reached.

Take some individual commodities. The parity price of cotton on the basis of the Farm Act is 15¢; the present farm price is 11¢ against a low of 5.5¢ in February, 1933. The parity price of wheat is \$1.07; the present farm price is 70¢ against a low of 31.6¢ in December, 1932. The parity price of corn is 77.7¢; the present farm price is 49¢, against a low of 18.8¢ in December, 1932. The parity price of hogs is \$8.74; the present farm price is \$3.50, against a low of \$2.68 in January, 1933. The parity price of butter is 31¢; the present farm price is 22¢, against a low of 18¢ in March, 1933. The index of farm prices in June, 1934, stood at 75, against a low of 49 in February, 1933.

Farm Dollar Is 61¢

Thus, the price level of farm products has risen over 50%. But the things that the farmer buys also have increased 20% during this period, from an index of 101 in March, 1933, to 121 today. Hence the purchasing power of the farm dollar (now at 61¢) is only 28% higher than the low in February, 1933, and still is 39% below the parity ideal.

In brief, an appraisal of the AAA in terms of prices depends on one's point of view—one can emphasize the advances, or the failures.

It is hard to estimate how much of the increase in cash farm income has been the result of the adjustment programs of the AAA, how much has been due to the monetary policies of the Administration, and how much to inherent healing processes that have been worldwide. We come here into the realm of speculation in which there are no exact measurements and in which bias has much to do in allocating credit.

A Colossal Effort

When we consider actual measures adopted by the AAA to balance production with consumption, whereby 3 million farmers voluntarily signed contracts with the government to plan their production and increase their income, we are confronted with one of the greatest farm cooperative efforts ever attempted—probably the greatest in the history of the world. The magnitude of the undertaking and the brief time at the disposal of the AAA makes the achievements to date an astounding and thought provoking bit of evidence of the new popular psychology towards planned production.

When 19¢ corn, 32¢ wheat, 6¢ cotton and \$2.68 hogs came to the farm, the individualistic propensities of the farmer wavered. Hitherto, he had believed in demonology—that ruinous prices were the consequence of sinister machinations of Wall Street financiers



FARMER TO FARMER—Rexford Guy Tugwell, new Undersecretary of Agriculture, who declares he once was a "dirt farmer" himself, here gets some first-hand information on the Midwest farm situation from an Iowa farmer.

and international bankers and possibly the railroads, who moved with Machiavellian chicanery behind the commodity markets to ruin him. Now he began to suspect that his price misfortune might be traced to economic causes, that, in part at least, it might be the consequence of definite farm surpluses. Hitherto the farmer had produced in the optimistic hope that the more he produced the more he would be rewarded. He felt wealthy only when his barns were filled with hay, when his cribs were bursting with corn and his bins with wheat, when his hogs were fat, and the yield from his cattle abundant. Within a few weeks the AAA succeeded in persuading the farmer that his production problems could best be solved in the light of the larger needs of the nation and possibly the world.

Taxes Meet Costs

Some of the concrete results achieved by the AAA during its first year are noteworthy, though here, too, there is a wide gap between achievement and goal. The AAA has been self-liquidating thus far. Processing taxes collected up to May 31, totaled \$330 millions and benefit and rental payments totaled \$279 millions.

Of the 1,200,000 wheat growers in the country, approximately 600,000

signed adjustment contracts which were to take about 7.6 million acres, or 11.5% of the average annual acreage, out of production. The actual cut in winter wheat acreage was not 11.5% but about 7% because of the increase in acreage of non-cooperators.

The Bankhead Bill

Adjustment contracts were signed by 1,026,514 cotton growers who plowed up 10.4 million acres of their planted crop, received a total of \$112 millions in benefit payments, and increased the value of the 1933 cotton crop to \$857 millions against a value of \$425 millions in 1932.

Though acreage actually was cut more than 30%, production remained at the 1932 level because of unusually favorable growing conditions. A majority of the farmers seem to have felt that the large yield was also the consequence of increased use of fertilizers and other production methods. Hence the co-operators favored the Bankhead Control Bill, whereby future crops are limited to 10 million bales for at least 2 years by a licensing system.

The July 1, 1934, cotton acreage report showed 28 million acres planted against 41 million acres in 1933. Hence the acreage reduction campaign this year has been fully up to specifications. The crop will now be determined by the

yield which, unlike 1933, promises to be ordinary.

Tobacco growers, also suffering from ruinously low prices, received relief through price agreements between manufacturers and growers, and this year have in operation 11 production programs, including 25 different kinds of tobacco, which are expected to increase their 1934 income by \$100 millions. Tobacco growers also were chary of non-cooperators and chiseling co-operators, and, for the protection of the true blue cooperators, the Kerr Bill, similar in purpose to the Bankhead Control Bill, was enacted. For the 1933-34 crops, tobacco growers received \$41 millions in benefit payments.

Corn-Hog Prices Lag

Corn-hog producers are to receive approximately \$350 millions benefit payments for 1934 corn-hog adjustment program, have received about \$150 millions as loans on corn stored in their cribs, and \$34 millions for over 6 million pigs and sows bought by the Surplus Relief Corporation. Though it is hoped that the program will bring about the hoped-for parity prices, hitherto the rise in corn and hogs, though significant, is much below the parity ideal.

Under the Jones-Costigan Act, beet and cane sugar growers will reduce production and will be rewarded with benefit payments.

Dairy and beef cattle programs of the AAA have been less successful. The AAA set out to establish an elaborate milk and dairy control program intended to reduce production, compensate with benefit payments, and fix prices to producers and consumers. But the program fell through because of unique complexities of the dairy industry and dissension within its ranks. Legal difficulties developed. There are still in operation some 29 milk licenses and marketing agreements. Progress in the partially developed cattle program, which is similar to that of hogs, in that it proposes to reduce production, provide benefit payments and buy surplus cattle, has been accelerated by the drought which has greatly depleted cattle herds in some areas.

Licensing Systems Born

The farmers—under the persuasion of checks—have shown a willingness to cooperate in programs of crop curtailment and crop adjustment. In the case of cotton and tobacco, it was found necessary to substitute for voluntary cooperation a sort of compulsory licensing system whereby the crop, not merely the acreage, will be definitely limited. In other crops, notably winter wheat, the international agreement of a 15% acreage reduction was not achieved, but crop production was cut more than the acreage reduction indicated because an unprecedented drought reduced the spring and winter wheat crops

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Daytime Radio Hours

are Golden Hours for Advertisers

Millions of women in a receptive mood for new ideas and improvements in the home! This is the "class" market daytime radio reaches. From early morning until dinner time a woman's interests, activities and thoughts are centered in her household. As she goes about her many tasks her mind is constantly dwelling on the necessities and luxuries which can make

it a happier, healthier, pleasanter place for her family and herself. All through the day she plans and hopes and buys.

That such a market as this can be reached at the low daytime rates prevailing on NBC stations and networks is without doubt the reason why so many advertisers are already using the "golden hours". (Nearly half of NBC's sponsored time is

daytime.) With the number of hours available during the day (over twice as many as at night) the choice of time is wide and the opportunity for effective programs practically unlimited.

Let us give you the complete story — available time, program and talent ideas, merchandising tie-ins, total investment. Write, telephone or telegraph.

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to the lowest point since 1892. In these cases, the relation of acreage to crop will not be a true test.

The corn crop is still in the hands of the gods and no estimates are available to show what the reduction in acreage or crop will be. The hog situation, though handled energetically from various angles, has as yet reached no satisfactory price level and has been bedeviled by the continued shrinkage in the exports of pork products, the shrinkage having been larger than the elimination of surplus by the AAA.

The Drought Helps

The fortuitous drought is likely to reduce sharply the unwieldy surpluses of corn and wheat but is not likely to produce any shortage in either. The real shortage will be in pasture, hay, and forage crops. The Administration has urged farmers to put contracted acres into pasture and forage wherever possible. If there had been no reduction in the wheat acreage, this land would certainly have been planted to wheat, the consequent loss to the farmers would have been greater, and the amount of forage would have been still smaller.

The various programs devised to meet emergency situations and still more hastily put into effect have tended to unbalance relationship between crops and localities. Feed prices have risen faster for farmers in the dairy sections than did milk and butter. The corn-hog ratio got out of kilter. Complications developed in assigning production programs to farmers. Farm labor was thrown out of work. The desired balance between crops and market requirements has been achieved by the accident of weather and not by acreage adjustment. The total volume of exports still remains below 1910-1914.

No Objective Attained

In brief, not a single goal set by the AAA has been reached, though in every case the Administration has been on the fighting front, has at least attempted to deal with the situation and, in some cases, has been partially successful.

When we come to appraise the effect of the AAA policies on general industrial activity, we again are on debatable ground. The increased farm purchasing power has been translated in larger retail sales which have run from 30% to 40% higher than in the corresponding period the preceding year. Automobile sales in the rural areas have in some instances been anywhere from 200% to 300% over the 1932 lows. No doubt this purchasing power has greatly stimulated the consumer goods industries with consequent reduction in unemployment.

The durable goods industries have been only mildly affected. It remains a question whether the increase in farm purchasing power finally can filter

down to re-employ workers in the machine shops, in railroads, in locomotive works, and in construction.

Vast Credits Released

A truly impressive record has been made in unloosening a flow of credit for farmers. We need not here rehearse how the closing of 11,000 banks throughout the rural areas and the disappearance of the long-term money market virtually dried up all long- and short-term credit for farmers and in many cases brought about foreclosures of solvent farmers who were unable to refinance their maturing obligations. The New Deal attempted to help the debt-ridden farmer through 2 avenues: (1) the executive order of March 27 which consolidated all credit agencies of farmers in one Bureau called the Farm Credit Administration; and (2) the Farm Credit Act of 1933. The net effect was to provide long- and short-term credit under the following provisions: (1) The Federal Land Banks were authorized to issue \$2 billions of 4% bonds, guaranteed as to principal and interest by the government. The Land Banks could sell these bonds in the market and thus obtain funds for new farm loans, or could exchange the bonds for first mortgages held by private financial institutions. During 1933, in place of sales, the Land Banks placed \$98.5 millions of bonds with the RFC as security for loans to farmers, about \$296 millions of additional bonds were used to satisfy obligations of farmers to their creditors. In 85% of the refinancing, Land Bank bonds have been used to refinance farm mortgages at lower rates of interest. Up to June 22, a total of \$711 millions were used to refinance farm indebtedness. Of this \$224 millions was used to refinance farmers' debts to banks and \$89 millions to insurance companies. In Iowa, 17,500 new farm mortgage loans totaling \$75 millions were made.

More Loans

In addition to the refinancing and new financing of farm mortgages, \$200 millions was placed in the hands of the Land Bank Commissioner to make loans in cases which are ineligible for financing by the Land Banks. These Commissioner Loans are used to a great extent as a sort of second mortgage for farmers in order to consolidate their outstanding debts at a reasonable rate of interest. These Commissioner Loans are paid to the creditors either in cash or bonds (30-year 3½% Federal Farm Mortgage corporation bonds guaranteed as to principal and interest). Up to Mar. 31, \$238.7 millions of Commissioner funds have been extended to borrowers. On May 1, the Commissioner reported that 90% of the instalments had been paid.

The Joint Stock Land Banks are being liquidated.



TRADE COMMISSIONER—W. A. Ayres, of Kansas, succeeds James M. Landis as a member of the Federal Trade Commission.

The Intermediate Credit Banks were implemented with regional Agricultural Credit Corporations and supplied with \$44.5 millions of RFC funds in order to provide short-term intermediate credit for farmers who were unable to get this credit through regular financial institutions. From May, 1933, to March, 1934, \$150 millions of notes endorsed by the Agricultural Credit Corporation were discounted by the Intermediate Credit Banks.

The Agricultural Credit Corporations are temporary agencies which are to be superseded by the Production Credit Corporations capitalized at \$130 millions. Loans made by this system have already reached 91,000 farmers and total about \$50 millions.

Banks of Cooperatives

New Deal legislation also has set up the Banks of Cooperatives consisting of a central bank capitalized at \$50 millions and 12 regional banks capitalized at \$5 millions each.

The total of all loans granted by the FCA from May, 1933, to Mar. 31, 1934, aggregated \$1,027 millions. During the whole preceding 16 years the total mortgage loans extended by the land banks was only \$3.1 billions or only 3 times as much as the new credit agencies extended in 11 months after May, 1933.

These figures tend to prove that the credit machinery of the Administration is not merely on paper but is actually

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working. Farm bankruptcies and for-closures have been reduced and these credit institutions helped to strengthen the financial position of the farmer. Available statistical data clearly support this point of view. Real estate values have begun to turn up. Interest and taxes paid by farmers have been lowered.

This achievement has been made possible either by direct loans from the government to the farmer or by making the government contingently liable for the farmer's debt. A total of such direct and indirect liability on the part of the government cannot be ascertained at this time, but theoretically may reach the entire long and short term debt of the farmer totaling well over \$11 billions. This is a new phase and needs to be pondered by students in government credit.

AAA Scores

Smallest cotton acreage since 1905, forecasting 10-million bale crop, is triumph for program.

THE first complete success scored by AAA in its acreage adjustment plan is recorded in the Crop Reporting Board's estimate that the 1934 cotton area is 28 million acres, against 40 million acres planted last year and 41.5 millions for the 5-year base period 1928-32. The sharp reduction of 31.4% below last year's total and 32.4% below the 5-year average to the smallest acreage since 1905 is wholly attributable to the adjustment program.

The board will make no condition estimate till next month. Assuming an average yield of 173.8 lb. per acre, the crop will be about 10.2 million bales, 260,000 less than the limit set by the Bankhead bill, 4.5 millions under the 5-year average. There is nothing in the outlook to suggest a surprise increase.

Sharp Price Advance

Since the report ran about 1 million bales less than the trade had expected, cotton prices advanced sharply on the news and closed about \$2 a bale higher than at the opening—which would add \$20-\$25 millions to the purchasing power of Southern cotton growers.

On the whole, the farm price outlook is bullish; moreover, its basis on supply and demand factors is more solid than last summer's foundation of inflation prospects. This is true especially of hogs, tobacco, corn and wheat.

The export situation for agricultural commodities still looks sour. Net wheat exports for the 11 months ending May 31 were 25 million bu. against 31 million a year earlier, 150-200 million annually for 1920-29—and much of the 25 millions was subsidized by an AAA-financed export corporation.

\$21,000,000 SKYWAY

Connecting New York and Newark, N. J.



Fairchild Aerial Surveys, Inc.

*Opened 21 Days
Sooner with
'INCOR'
24-Hour Cement*

World's largest motor-vehicle viaduct extends westward 3 miles from Jersey City to Newark Airport. This 5-lane Skyway, 75 feet above traffic congestion and delay, cuts running time to New York via Holland Tunnel 10 minutes to an hour. 'Incor' 24-hour Cement, which hardens 7 times as fast as ordinary cement, used at vital points in the roadway, made it possible to open this \$21,000,000 improvement 21 days sooner.

'Incor'* does away with "dead" days waiting for concrete to harden. For example, new concrete floors in 24 hours, industrial driveways repaved over a weekend—a new era in concrete construction. 'Incor' is made by the producers of Lone Star Cement—subsidiaries of International Cement Corporation, New York, and is sold by other leading cement manufacturers.

* Reg. U. S. Pat. Off.

Wall Street's Cop

Radical protests at the appointment of Joseph Kennedy to head the new Exchange Commission do not reassure the bad boys of Wall Street.

THE hot July air vibrates to the keening of ever-articulate radicals over the appointment of Joseph Patrick Kennedy to the long term on the new Securities and Exchange Commission and his elevation to its chairmanship. It is "appalling." It is "incredible." The President "went into the office of a stock broker" and selected a market operator to head the body.

By all rules of logic the keening should have as its antiphony a chorus of hosannas from Wall and Broad Streets. Instead, the gentry on the racketeering fringe of the securities markets are doing a bit of keening on their own. For, strangely, they believe that Joe Kennedy's promise to crack down on them for the benefit of legitimate trading means just that. Even those who insist that he is "one of the boys" recall the story of Saul of Tarsus who made a most effective disciple after he had seen the light. They also reflect that most Irishmen are cops at heart. And what a grand beat to strut, with your chest out, twirling a shillelah, knowing all the wiles and tricks in the minds of them that give you good morning!

Further, the bad boys of the Street consider what the radicals overlook:

There Are Watchers

It would be pretty hard for Chairman Kennedy, should he slide from grace, to get anything past the militant New Dealers who complete the membership of the commission. There is profound Mr. Landis who got into the law sharper teeth than Wall Street expected, Mr. Mathews who supports him, Mr. Healy who is an able and honest attorney, and penetrative Mr. Pecora whose stock market inquisition was a forerunner of the Exchange Control Act. True, the last four will serve shorter terms than the chairman but the commission's first year should be highly important since it will formulate rules and create precedents.

The most devastating argument of the skeptics is that Mr. Pecora caught his present brother commissioner with jam on his fingers. In the midst of the stock market investigation last winter Mr. Pecora hoisted the lid off the Libbey-Owens-Ford Glass Co. pool. Mr. Kennedy was one of the speculators who blinked into the flashlight. The pool netted \$395,000, of which Mr. Kennedy is supposed to have received \$60,000. Mr. Kennedy did not explain and there were dark murmurings about his being too close to the President. This foray is cited as the reason for Mr.

Pecora's sulkings when the commission first met in Washington. But he sat smiling, at the right hand of Chairman Kennedy, when the five posed for news pictures.

Chairman Kennedy is emphatic in



JOSEPH P. KENNEDY—A New York and Boston financier and market operator, he is chairman of the new Securities and Exchange Commission.

declaring that he is a New Dealer too. He admits that a lot of the goings-on in Wall Street are "just rackets." They can't kid him because he knows what it's all about.

Actually he got on the Roosevelt band wagon early and was given a seat up front. He donated liberally to the campaign chest and also donated advice which he worded forcefully, as becomes a tall Irishman with red hair. Probably no other Roosevelt convert arrived at the sawdust trail by such strange paths.

Joseph Patrick Kennedy was born in

East Boston, 46 years ago, the son of a politician who kept a saloon. He grins at the report that he worked his way through Harvard by selling candy on an excursion boat. The old gentleman was amply able to finance his son's education. Young Joe's ventures (such as sight-seeing bus tours over the route of Paul Revere's ride) were outlets for his own energy and shrewdness. He played first base for Harvard, could have gone into professional baseball, but banking interested him more. At 25 he became president of the little Columbia Trust Co. (controlled by his father) with a salary of \$60 a week. During the war Charley Schwab's scouts discovered this bright young man and he was put in charge of Bethlehem shipyards at Quincy, Providence, and Baltimore.

Thence he returned to the money markets, as Boston manager of Hayden, Stone. Between 1923 and 1929 he became a large operator in New York. He was among the bankers who discovered the gold in the Hollywood hills. At one time he was president of 3 movie companies, Pathé, First National, and F.B.O. He got out in time to make a killing. He rode the bull market up; if he failed to ride the bear market down, he is less smart than Wall Street thinks him.

He Has a Crew

In his many activities Mr. Kennedy has gathered about him a band of brilliant and ambitious young men. Most of them are also Irish. He keeps them from wearing ruts by shifting them from time to time. They think he is the greatest ever.

The new market regulator is active physically, plays a hard game of tennis, golfs in the 80's, rides horseback. He has 9 children. Mrs. Kennedy is the daughter of Boston's famous ex-mayor, "Honey Fitz" Fitzgerald. Being the son and the son-in-law of astute politicians, he ought to handle himself creditably in future maneuvers at Washington.

Trolleys for Motorists

Lighter, faster buses and street-cars will try to draw fares from motor-conscious Detroiters.

STREET car and bus service in Detroit already is perhaps the fastest in the country; the fleet of small red buses operated on a few routes at extra fare is said to hold the country's record for running time. But Detroiters, particularly motor-conscious because of the automobile factories around them, are demanding still better service if they are to be persuaded to leave their cars in their garages and use public conveyances. Realizing this fact, the D.S.R. (as the municipally-owned-and-operated transportation system is called) is

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going to try to provide the next best thing to private cars. First move will be the replacement of large lumbering buses with small, fast ones, and of large-capacity street cars with smaller, lighter-weight cars.

35 New Buses Bought

Thirty-five 21-passenger buses have been bought by the department (each costing \$2,124) and will be put in operation on the Livernois Ave. line, replacing 40-passenger buses costing \$12,000. For every 2 buses taken off this route, 3 new ones will be put on. Lighter buses have lower operating costs, pay for themselves in 3 years (whereas heavier buses had to be run 10 years for the department to get back its investment), show greater speed—acceleration to 32 miles an hour in 20 seconds—hence a 25% cut in running time, and their smaller capacity reduces the number of stops for loading and unloading, thus contributing to speed-up of schedules. If the light buses prove as feasible as officials believe them to be, they will eventually be used on all Detroit bus lines.

Simultaneous with the experimental bus program, the Department of Street Railways is building in its Highland Park, Mich., shop a streamlined street car much lighter and faster than those now in operation. It will weigh 25,000 lb., seat 39 passengers, be driven by four 25 hp. motors. It will be run by one man, with passengers entering at the front and leaving at the rear. Its cost will be about \$10,000.

This car will be substituted for cars weighing 36,000 lb., using two 50 hp. motors and costing \$14,000 each. The same advantages are to be found in the light-weight street car as in the light-weight bus, the chief merit being the acceleration of schedules. The streamlining means nothing so far as the car speed is concerned, because it is of no advantage unless speeds get up to or exceed 75 miles an hour, obviously impossible in a street car. It is specified because it is in accord with the times and gives the car a modern appearance.

Still Fare Enough

Western railroads decide that bargain rates are worth longer trial.

WESTERN railroads have been encouraged to continue until Sept. 30, 1935, the experimentally-reduced passenger fares put into effect Dec. 1, 1933, when they brought standard rates down to 2¢ a mile and added other bargain inducements to rail travel.

In the first 6 months of this year, the Western lines carried 16,113,000 passengers, 32.7% over the total of 12,140,000 in the same period of 1933, with passenger miles 2,096 millions and

1,650 millions, respectively, or an increase of 27.1%. Revenues for the first half of 1934 aggregated \$40,724,000, 4.7% over the total of \$38,891,000 in the same period of 1933. At the same time, the mileage run by passenger trains was reduced roughly 1%.

Every month from January through June has shown a substantial increase in passengers and passenger miles, while March, April, and May showed gains in passenger revenues. The peak of passenger traffic came in June, when the total was just short of 4.4 millions, as against 2,464,000 in June, 1933. Due to the fact that the passenger miles did not show the same percentage of increase (495 millions as against 484 millions) and to the substantial effect of the fare reductions, June revenues were \$9,593,000 against \$9,990,000 a year ago.

Eastern railroads are still showing no inclination to reduce their fares. They have been experiencing an increase in traffic over a year ago as a result of better business conditions and, under the circumstances, are not inclined to cut.

Truck Speed

Highway conference suggests a "reasonable speed" standard.

A BRAND-NEW departure from present thought and prejudice on the subject of truck transportation has been written into the uniform vehicle code by the National Conference on Street and Highway Safety. It would require that every motor vehicle registered for operation outside of business and residence districts have motive power adequate to propel it at a reasonable speed.

This attempt to set up a performance measure of truck operation recognizes that heavy trucks often interfere with the free movement of passenger cars, as trucks are designed at present.

Incorporated in state laws, such a provision would either act as a further restriction on gross weights, in order that reasonable speeds might be maintained on up-grades (20 miles is suggested on a percentage gradient typical of conditions in the state); or it would encourage manufacturers to design power plants capable of such performance. It might also involve the design of a satisfactory governor to hold truck speeds on the level down to legal limits.

On another aspect of this same contentious issue, the conference went on record to the effect that uniform gross weight limits are not now practicable because highways have not been generally built to uniform standards. Highway officials and truck manufacturers sought to get the approval of the conference for a gross weight limit of 36,000 lb. on 2 axles. The practicable maximum now is 27,000 lb.

**\$2.00 Spent
\$84.00 Saved**

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you spend
\$2.00 a year
to save
\$7.00 a month?**

If you use 1000 sets of six-part loose forms a month, you are wasting \$7.00. It requires \$7.00 in time of a \$20.00 a week stenographer to insert and remove the carbons.

The Egly Speed-Feed saves this waste. The Speed-Feed does mechanically in five seconds what requires 50 seconds by hand. Utilizes the full width of the forms, and keeps all copies in perfect alignment by means of no other holes than those used for filing. No special holes or change in typewriter construction required. The aligning is done in the Speed-Feed itself, an exclusive Egly feature. Takes up to ten copies—the Speed-Feed is not limited to four or five. Attached or detached in a moment. Made for all standard makes of typewriters and for typewriter billing machines. Speeds up the issuance of business forms from 25% to 50%.

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Manufacturers of Egly Speed-Feed Systems, Egly "Com-Pak" and "Tru-Pak" Register Systems, Egly "Controller" and "Tru-Feed" Billing Machine Attachments, and Printed Business (continuous) Forms.



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THE EGRY REGISTER COMPANY
Dayton, Ohio. HW-350
Tell me more about the Egly-Speed Feed.

Name _____
Address _____
City _____ State _____

Limited territory available for high type sales agents. Write for details.

Glorifying the Freight Car

Success of railroads' store-door service is soon likely to push Turney's specifications for a light-weight, all-purpose car off the planning sheets onto order blanks.

SINCE inaugurating collection and delivery service for less-than-carload freight last December over the protest of 16 other Eastern roads (*BW*—Dec 2'33), the Pennsylvania has picked up more than \$600,000 in new business. Forced to follow suit, New York Central and other roads contended that revenues would not cover extra costs, but Pennsy's record shows that the revenues have been more than double expenses. In March its out-of-pocket cost of drayage was \$50,000 on 9,000 tons of merchandise freight which brought in \$120,000 and which before had not moved on its rails. Material economies in operation also have resulted from greater centralization of traffic and more concentrated loading arrangements, increasing by 40% the average load for each car of merchandise freight.

This week Pennsy cut 5¢ per 100 lb. from the minimum rate at which the service may be obtained, cancelled the 25¢ minimum collection or delivery charge on traffic moving to or from connecting lines not providing it, extended it to commodities not previously accepted and otherwise liberalized original restrictions.

Erie Reports Gains

Erie reports a steady monthly increase in the first half-year of operation mounting in May to 244% in revenue, 256% in tonnage, and 313% in number of collection and delivery shipments handled as compared with December operations. Service now is available at 200 stations on Erie rails and on joint hauls with several connecting roads.

The results of C.&D. service on individual roads—of which these are only samples that might be duplicated at other points—give added ballast to Coordinator Eastman's proposal (*BW*—Mar 31'34) for consolidating in two railroad-owned but competitively managed agencies the merchandise traffic that, according to his recent survey, fell \$80 millions short of paying its way in 1932. The railroads are on the spot as they can't very well argue that complete coordination of l.c.l. and express service wouldn't produce results for each proportionately greater than service confined to their own lines, with such inter-line arrangements as are found to be advantageous.

Traffic pooled as Eastman suggests would be routed via the shortest route, each railroad to be reimbursed for out-of-pocket cost of handling and to get a share in the net profit on the basis of

its revenues during a previous test period. This meets objections from the roads on the score that it would freeze their chance to expand. Another feature of the plan that the railroads don't like is the protection given to labor displaced by the new service, thus reducing the savings achieved. The regional coordinating committees don't cotton to the idea but the Coordinator won't take "No" for an answer unless the railroads have something else to offer.

Box Car of the Future

In conjunction with the coordinated service, Eastman is keen for developing a light shockproof car to replace present equipment as retired, and has called in a group of mechanical experts for advice.

This committee's inquiry will be devoted to modernizing that venerable institution, the freight car, into an all-purpose car suitable for speedy, safe hauling of both carload and less-than-carload freight. Specifications of this car, as outlined by the enthusiastic J. R. Turney, transportation service director of the Coordinator's office, are:

Lightness: It must weigh less than one-fifth, instead of one-half, its maximum load but be strong enough to drag 1,000 times its own weight, since the long train is still the efficient and economical unit of transportation. Pending entire substitution of light for heavy cars, which can only be done by gradual replacement over a long period, present strength must be retained.

Versatility: A car designed to carry any kind of freight anywhere in all kinds of weather and to be just as efficient on the return movement as on the going one. The one-way efficiency of the "reefer" is inspiring but insulating materials which can be enclosed in the car frame and detachable cooling (and heating) units will make any car a refrigerator car.

Multiple Body Unit

Adaptability: Retaining the chassis of the present car but substituting for the present single body unit a multiple-unit body conforming in carrying capacity with sales units. This means reducing the size of the car which the customer uses to the requirements by his business without sacrificing car or train loading. Since 1920 an increase of 13% in average car capacity has been accompanied by an increase of less than 2% in average load.

Security: Shock-proofing by non-



FINANCIAL LEADER—George W. Bovenizer, partner in Kuhn, Loeb & Co., and vice-president of the Investment Bankers Association for the past 2 years, succeeds the late Robert E. Christie as president.

harmonic springs, high-speed brakes, draft gears, air jacks and other cushioning devices. By far the greatest part of damage to lading now is occasioned by the car's lack of riding quality.

Dependability at higher over-all speed by substituting "AB" brakes, high-speed wheels and improved draft gear for equipment that takes "time out" of transportation.

Anti-Friction Bearings

Elimination of friction by roller or ball bearings to reduce the time and cost of stopping and starting the train.

Flexibility by speedy interchangeability with highway equipment to cut terminal time. Speed that, on the road, costs 75 tons in reduced loading for each additional mile per hour over the locomotive's efficient speed can be attained without sacrificing tonnage if detention in terminals is reduced. An analysis of car movements reveals that the average car, after loading and before unloading begins, spends over twice as much time in the terminal as in the road train.

Accessibility in loading and unloading from any one of the 6 sides of the car. Some car bodies now are equipped with removable tops for unloading lumber by crane. Sugar, cement, pulp

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brick, paper, cotton, glass, carpets can be handled the same way.

Mobility and utility of car body by making it quickly and easily transferable from rail to truck chassis vertically, longitudinally and laterally, thus furnishing a shipper only that part of the

equipment which he needs and retaining chassis for continued use. Two sets of car bodies for each car would mean a reduction of 50% in the number of chassis needed and a saving in capital and depreciation of 33 1/3% which, these days, is important.

The School Market

New York show will seek to revive buying for the public schools and try to impress on everyone the dangers of continued penuriousness.

LONG-CONTINUED decline in tax collections with a simultaneous rise in enrollment has created a serious threat to our boasted public schools system. In addition to a general concern over the social implications, educational officials and companies supplying schools with equipment have a direct interest in the situation. As long as the general slant continued downward there was little they could do but worry. Now that money (largely federal lendings) again is being spent on schools, they intend to rouse the public to the point of remedying the ominous neglect. To the supplying companies this means the revitalizing of a wide market.

The opening move will be the first National Schoolmart and National Schoolview to be held Aug. 15 to 24 in New York's Port Authority Commerce Building. Sponsors are the National Association of Public School Business Officials, Teachers College of Columbia University, School of Education of New York University, and an Advisory Committee of leaders in business, education, and public life. Many other educational organizations give the event their endorsement and applause.

Business and Education

The Schoolmart will represent business, will be devoted principally to exhibits and salesmanship. The Schoolview will represent education and will be dedicated to the executive problems of schools and their officials. Thomas J. Watson, president of International Business Machines, heads the citizens' Advisory Committee; Schoolview sessions and Schoolmart will be directed by Theodore F. Kuper, executive manager of New York City's Board of Education; executive management of the entire project is in the hands of Roberts Everett Associates. Through broadcasts, general newspaper publicity, direct contact with parent-teacher associations and public officials, the campaign will seek to stimulate remedial action before the school crisis gets beyond control.

There are frightening statistics to support pleas for action. At the outset of the depression \$2,250 millions were

spent in this country annually for public education. This year about \$1,750 millions will be expended. It is estimated that 1,000 schools have been closed entirely by lack of money. In thousands of cities and rural communities, class time has been curtailed.

NRA Makes Pupils

Child labor laws and NRA codes have intensified the problem by shunting more pupils into public schools. High school enrollment—the most expensive level of public education—jumped from 4,030,000 in 1930 to 5,092,000 in 1934. Funds have been stretched thin to cover carrying charges and the bare necessities among supplies. The result is a vast accumulation of needs in new buildings, modernization, equipment, and supplies of all sorts. Modernization is imperative for 25% of the 247,000 public schools. The decline in textbook purchases alone last year was \$5,480,000.

But recovery has begun and wide vistas for possible sales are opening up. F. W. Dodge statistics show that in the first quarter of 1934, \$34 millions were spent in school construction in the 37 states east of the Rockies—a gain of 700% over the same period last year. Contemplated construction in the same states is placed at almost 13 times that of last year.

It is hard to imagine any form of building material or any item of equipment for homes and commercial buildings that does not have a potential market in the school. Heating and cooling devices may be sold. Domestic science classes must have modern kitchens. Manual training shops and chemical classrooms require hundreds of equipment items. Commercial classes and educational offices need all sorts of business machines. Lighting fixtures. Furniture. Gymnasium equipment. Band instruments. One does not think of schools as large buyers of automobiles. Yet there are in service 60,300 buses carrying pupils to and from school—15,300 more than are used as common carriers for passengers.

When the managers of Schoolmart



To Go

IN YOUR OWN PLANE
costs no more
THAN TO DRIVE YOUR CAR

★

Most people think of a personal plane as a costly luxury. Simple arithmetic shows the cost of flying an enclosed cabin four passenger Stinson "Reliant" is no greater than traveling in a good motor car. Not only is it surprisingly economical but the "Reliant" is a sturdy easily handled plane designed for the private owner and offering fast transportation in complete comfort and safety.

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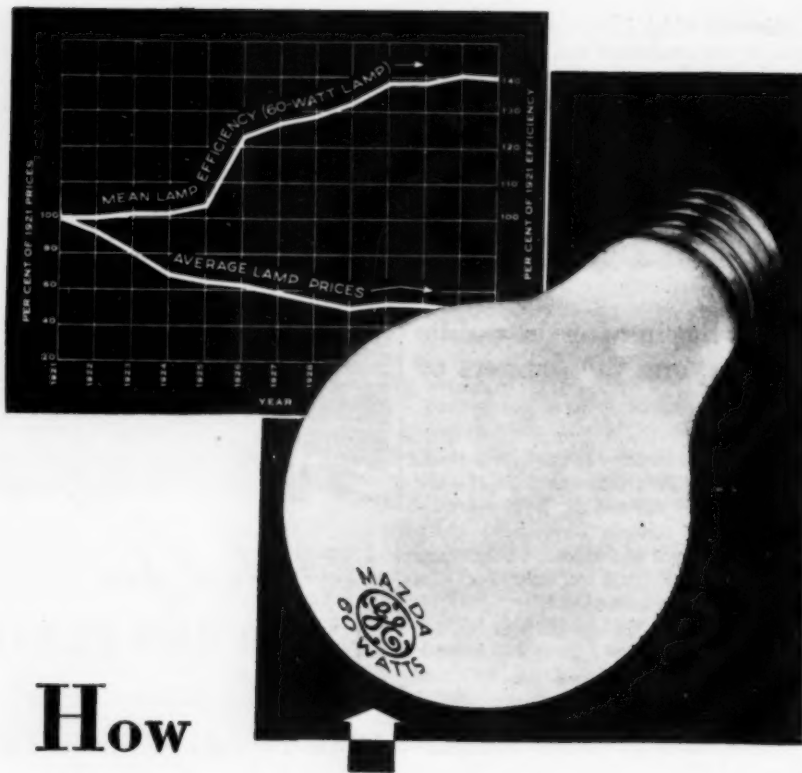
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SINCE 1921, General Electric improvements have enormously increased the efficiency of MAZDA Lamps. The 60-watt lamp—the most popular size—now gives 40 per cent more light than the 60-watt lamp of thirteen years ago. And it is 58 per cent lower in price!

Because of the research and development work carried on by General Electric, users of electric light have, in the past ten years, received additional light to the value of more than one billion dollars without increased current cost.

When you buy lamps for your home, office, or factory, make sure they bear the mark  on the end of the bulb. This mark is your assurance of good light at low cost.



CHECK UP ON YOUR LIGHTING

This amazing instrument measures light as accurately as a thermometer measures temperature. It indicates how much light you need for various visual tasks in home, office or factory. Ask your lighting company for a demonstration, or write General Electric Company, Nela Park, Cleveland, Ohio.

EDISON MAZDA LAMPS
GENERAL  ELECTRIC

prepared a list for the New York show they found 12,000 companies which were logical prospective sellers to the school market. Of these, 2,500 were selected as the most likely candidates. There will be 100 commercial exhibits and a large number of displays of school work in such branches as art and manual training.

Generally, the sponsors of the school show intend to impress upon taxpayers and public officials the necessity of rescuing the educational system. Specifically, the business concerns will encourage a resumption of buying on an intelligent basis. Behind and around these are factors with vast potentialities for progress or retrogression. Public schools have taught the growing citizen to want more and better things. These desires are props to the American standard of living. Remove them and American business will suffer through a slackening in demand for the things people eat, wear, use, live with.

Orders From Abroad

Machine tool industry aided by sustained foreign buying. More than one-fifth of spring business from abroad.

MACHINE tool builders, while doing a great deal more business than they did in 1932 or 1933, still are not particularly happy over the trend of their business this year. Each month the volume has been just a little lower than in the previous month.

What has really prevented the downward trend from becoming genuinely discouraging is the volume of foreign orders that have been placed. May was the high month, though only April slumped appreciably below the previous month. For the first 5 months of the year, foreign orders were 177% above the average for the same period last year, 40% above the average.

Foreign Proportion High

Expressed as a percentage of total business in the first 5 months, the foreign showing is even more impressive. In January, 18% of all orders placed were foreign. In February, the foreign share jumped to 21%. In March it dropped to 17%, but in April climbed to 22%, and in May to 23%. The really impressive showing, of course, was December, 1933, when foreign orders made up more than 50% of all business placed.

Tokyo has placed an important volume of business in the last year. The Soviets continue to bring some orders to the United States, this year's volume having increased slightly over last. French buyers have also accounted for important orders on the American list for 1934.

Codes at Work

Incidents and problems that arise in the activities of the codified industries.

THOSE code provisions designed by NRA to permit fixing of minimum prices on declaration of an "emergency" due to destructive price-cutting promise to provide a popular port.

Latest to follow the tire-makers into the emergency haven (*BW*—May 12 '34) are two branches of the food industry, mayonnaise manufacturers and soft drink bottlers, both complaining of serious price-cutting, both now scheduled for public hearings at which lowest possible cost figures will be discussed.

However, those familiar with the width of the gulf between lowest- and highest-cost producers in many industries are wondering how long it will be before NRA's bright idea comes under attack—by little fellows who think that the minima result in profit-fixing for the big (and generally low-cost) producers; by big ones who feel that they are deprived of their low-cost advantage in competition. Few insiders expect both classes to be permanently pacified by the leak-proof bottom.

Another often-disputed phase of NRA codification faces court test as the Recovery Administration files with the Federal Trade Commission its charge that Purity Ice Co. of Lakeland, Fla., is disregarding the ice code provisions (#36: *BW*—Oct 14 '33) against increasing capacity.

Production control in codes represents, along with price-fixing, the most radical departure from pre-NRA anti-trust law practices. Numerous cases involving phases of the price setup have reached the courts. Though some of the decisions looked like judicial skating on thin ice, all of them sustained NRA.

The ice case, now up to the FTC, is the first important contest involving production control. Wiseacres say that if the commission should rule in favor of NRA (as it well may), the decision will start a precedent-making scrap in the Florida courts. Florida judges, being sticklers for state rights, are likely to lean heavily toward fighting any infringement of property rights or interference with the free spending of private funds. The hearing is set for Aug. 3.

Urged by its compliance director at Detroit, NRA has officially declared that, so far as codes are concerned, the terms "outside commission salesmen," "full time outside salesmen," and "regular salesmen" are interchangeable. The ruling, sought by motor vehicle dealers, is going to save lots of argument, perhaps some money. It will be welcomed

by other industries where the salesmen's hours while on duty inside or outside premises have been at issue.

Code compliance, blanket or otherwise, is likely to wash up more than one laundry. The Laundry Owners' Association reports that the performance record of 250 representative laundries for January and February, 1934, shows a 4.35% loss, against 4.77% for 1933. Medium-sized plants were evidently re-

Code Hearings

July 16—Throwing.

July 17—Wool Textiles. Crushed Stone, Sand and Gravel and Slag. Cinders, Ashes, and Scavenger.

July 18—Lumber and Timber Products. Food Service Equipment. Cap and Cloth Hat.

July 19—Beauty and Barber Equipment and Supplies. Retail Jewelry.

July 20—Painting, Paperhanging, and Decorating. Washing and Ironing Machine Manufacturing. Wholesale Millinery Trade.

sponsible for what improvement there was. Plants doing over \$5,000 weekly chalked up a loss of 2% while last year they made a 4.22% profit. Small laundries, that averaged 8.05% loss for 1933, dipped further into red to 9.59% during the first 2 months of 1934. Meanwhile, local and regional code authorities are trying to keep up the morale of members, stabilize territorial conditions by maintaining, so far as possible, the price schedules established before NRA pulled the fair practice provisions from the service codes.

Before long the service trades will know whether they are legitimates, step-children, or foundlings in the eyes of NRA. President Roosevelt has issued an order, applying to approximately 55 uncoded service trades, by which 85% of their members in any locality may enter into an agreement with him covering fair trade practices, which then shall be binding upon all in that trade and area who wish to fly the Blue Eagle. Where no local code is attempted, individual members may get the Eagle by agreeing with the President to maintain certain specified labor standards. Those operating in metropolitan areas straddling state lines say that it will be difficult for them to stop chiselers under anything less than a national code.

Apropos of all this price-fixing controversy, the reduction in retail lumber prices, approved by NRA, cut the rate of mark-up from the 37%-45% previously allowed to 26%-35%, with cash-and-carry customers entitled to a 6% credit. Considering that in 1929 the country's 16,911 retail lumber and building supply dealers did business at an average overhead of 21.62%, even the reduced mark-up is expected to prove satisfactory to the majority, while reducing the danger from substitutes.

The silk code authority, determined to end violations, has just started a special campaign to "clean up" Paterson, N. J., otherwise "Silk City." While the big fellows who skip code provisions are easily detected (6 have just been brought up on charges), the small, so-called "family shops" of which there are 166 in the neighborhood, have kept the compliance division up nights. Collectively these small shops account for a substantial slice of the total business, yet, because of the conditions under which they operate, all attempts at lining them up for orderly cooperation with the rest of the industry have failed. Recently labor union officials have agreed to organize the family shops. The code authority thinks this will help.

Gas Cooler

Bryant enters air-conditioning field with gas-operated room cooler and humidifier.

THE Bryant Heater Co., which acquired rights to use Silica Gel equipment in comfort air-conditioning, has announced a gas-operated dehumidifying and cooling unit on the Silica Gel principles used industrially for many years.

Thus Bryant adds to its slogan, "Let the pup be your furnace man," the words, "—and weather man, too." And the largest, most active organization in the gas house-heating field jumps in to get a share of the growing air-conditioning market for the gas industry.

The new gas room cooler may be placed anywhere in the room, outside the room, or in the basement below. A flue, window, or other opening is necessary to carry off the heat and moisture of the reactivating process.

Bryant believes "it isn't the heat, it's the humidity," makes dehumidification the biggest factor in summer comfort. Silica Gel, the adsorbent material, removes the moisture from the air which is then cooled with city water and blown into the room. Once a day, moving a lever starts the automatic reactivating process which dries the air by heating.

Also new is a gas-operated humidifier for winter use which can be hung from the cellar ceiling.

THE MANUFACTURERS NATIONAL BANK OF DETROIT

Statement of Condition as of June 30, 1934

RESOURCES	
Loans and Discounts	\$ 9,193,459.86
Mortgage Loans	3,117,878.97
Overdrafts	3,258.13
United States Government Securities	23,223,010.57
Securities guaranteed by U. S. Government as to interest and principal	1,325.00
Other Bonds and Securities	4,951,062.75
Banking Houses (\$305,630.49) Furniture and Fixtures (\$1.00)	305,631.49
Reserve with Federal Reserve Bank	7,332,779.66
Cash and Balances with Other Banks	25,172,161.94
Outside Checks and Other Cash Items	313,065.68
Income Accrued but not Collected	391,455.08
Other Assets	63,756.32
TOTAL RESOURCES	\$ 74,068,845.45
LIABILITIES	
Deposits	\$ 39,120,916.89
Demand, except Public Funds	16,334,895.67
Time, except Public Funds	2,268,003.57
Public Funds	10,535,860.02
Banks (Including Certified and Cashier's Checks)	68,259,676.15
TOTAL DEPOSITS	\$ 68,259,676.15
Interest, Taxes, etc., Accrued	83,709.98
Other Liabilities	196,747.79
Capital	3,000,000.00
Surplus	1,500,000.00
Undivided Profits—Paid in	750,000.00
Undivided Profits—Earned	117,808.32
Reserves for Contingencies	160,903.21
TOTAL LIABILITIES	\$ 74,068,845.45
Memorandum: Loans and Investments Pledged to Secure Liabilities	None

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New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

LAVASHOWER is a combination tub, shower, washstand, and cabinet which has something for every member of the family. The makers moved the front of the tub out to make plenty of room for the men; made the tub bottom straight so children wouldn't slip; put wide ledges on the lavatory, creating a dressing table for the ladies. (See photo and news item this issue.)

THE Vilter PakIce machine manufactures ice in the form of crystals about the size of a grain of salt to replace shaved and chipped ice used commercially. Another machine makes briquettes of PakIce which may be stored in bins, spouted through pipes like coal.

NEW ventilating fans by American Blower have 2 scoop-shaped blades which handle more air with less power than other shapes, take smaller motors which can be spring-suspended for quieter operation.

THE new Royal typewriter adjusts itself to the user through the "Touch Control" which permits visible adjustment of key action to any touch or speed. Shifting is easier. The mechanism is closed in against dirt and dust.

GENERAL ELECTRIC announces an attic fan to blow out the hot air, draw the cool air in from below. Makes anybody's house cooler; lessens the load on air conditioning apparatus in air conditioned homes. The device also helps ventilate the home the year round, providing a current of air which removes poker party smoke and cooking odors.

A NEW and very ingenious device is the Ideal fuse puller, made like a pair of pliers with test pins and a test light in the Bakelite handles for finding blown fuses and snatching them.

THE new Bates broom-mop has its own wringer attached, needs no pail, may be cleaned under a faucet. Made of sponge rubber, it may be used wet or dry.

A NEW Toledo scale has 60 prices per pound, penny graduations throughout, an all-metal chart showing every price from 4¢ to 58¢, and adjustable reading lenses.

A NEW Raytheon voltage regulator holds voltages for electric socket devices at 115 volts, within 2%, despite line variations as high as 25%. It operates automatically, has no moving parts, nothing to wear out.

Birthdays Can Be Good News

AND the more birthdays you've had the better the news is—if you are thinking about a retirement income.

Mail the coupon below if you would like to know the good news about the Annuity — a guaranteed income which you cannot outlive. The older you are when you make your investment, the higher your annual income will be.

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B. W. 7-34



6000 EXHIBITORS from 22 countries

Whatever your line of business—the Leipzig Trade Fairs can simplify your buying problems; save you time and money.

More than 6000 exhibitors—from 22 countries—offer for your comparison and inspection the latest items in your line. In one week's time you cover all the important markets of the world. At least 130,000 business men and buyers—from 72 countries—will visit the forthcoming Fall Fair, August 26th to 30th.

In the General Merchandise Fair, 5000 firms will exhibit every possible item for the department store and the specialized store. In the Building, Home and Industrial Equipment Fair, there will be 1000 practical exhibits of interest to all architects, builders and contractors.

There are important travel discounts available to Fair visitors; please write for Booklet 27, Leipzig Trade Fair, Inc., 10 East 40th Street, New York City. This office will gladly give information on where to find German merchandise here or abroad.

LEIPZIG TRADE FAIRS

New Air Service

Pan American Airways and Railway Express Agency offer new door-to-door delivery, United States to Latin America.

DOOR-TO-DOOR express delivery from any point in the United States to any country in Latin America within 7 days starts Aug. 1.

Pan American Airways and Railway Express Agency have concluded a 20-year cooperative contract. Pan American Airways serves all countries of the West Indies, Central, and South America, has its base at Miami. Railway Express has 23,000 stations throughout the United States.

New planes similar to the new *Brazilian Clipper* will carry up to 3,000 lb. of express, compared with the present average express capacity of 700 lb.

Red Tape Minimized

Another feature of the service is the new "Airwaybill" which will largely replace the complex and costly consular invoices, bills of lading, certificates of origin, and the many other documents peculiar to foreign shipping.

Though business with Latin America has recovered from the depression low, it is still only a small portion of what it totaled before 1929. Real urge for the move by Pan American is the frank and substantial encouragement from the Administration for the development of closer trade relations with "our neighbors," and the very real competitive threat from European air services in South America.

French, German, and Italian air lines have long competed in South American countries with Pan American Airways. German planes now fly the South Atlantic, using a floating airport in mid-ocean as a refueling and repair base. The *Graf Zeppelin* this year increased the number of its round trip flights from Germany to Rio de Janeiro from 10 to 20, and on a recent trip visited Buenos Aires.

New European Alliances

More important, French and German lines have recently completed plans for closer cooperative service, and the Italian lines are expected to join the combination. Together they can offer an enviable schedule of mail and express flights between Europe and South America. In one recent flight, a letter mailed in Berlin was delivered 4 days later in Buenos Aires. Average elapsed time is nearer 6 days.

Europe, with improved shipping schedules, fast air service and radio broadcasts in Spanish and Portuguese, Japan with trade missions and goodwill tours, are making keen bids for more business in Latin America. Pan American's new service improves the competitive position of the United States.

Guaranty Trust Company of New York

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140 Broadway

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Fifth Ave. at 44th St.

MADISON AVE. OFFICE
Madison Ave. at 60th St.

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

Condensed Statement, June 30, 1934

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers	\$ 240,360,145.29
Bullion in Foreign Branches	8,164,481.00
U. S. Government Securities	456,980,759.15
Notes of Reconstruction Finance Corporation	20,000,000.00
Public Securities	85,337,942.74
Stock of the Federal Reserve Bank	8,400,000.00
Other Securities	21,500,432.57
Loans and Bills Purchased	635,002,053.98
Real Estate Bonds and Mortgages	2,315,818.54
Items in Transit with Foreign Branches	1,862,844.25
Credits Granted on Acceptances	30,526,647.91
Bank Buildings	13,945,482.92
Other Real Estate	97,954.67
Accrued Interest and Accounts Receivable	14,726,879.57
	<u>\$1,539,221,442.59</u>

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	7,466,151.53
	<u>\$ 267,466,151.53</u>
Capital Note (Payable on or before July 31, 1934)	20,000,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	17,624,076.98
Acceptances	\$82,446,994.67
Less: Own Acceptances	
Held for Investment	51,920,346.76
	<u>30,526,647.91</u>
Liability as Endorser on Acceptances and Foreign Bills	129,155.00
Deposits	\$1,183,188,475.86
Outstanding Checks	20,286,935.31
	<u>1,203,475,411.17</u>
	<u>\$1,539,221,442.59</u>

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Business Abroad

Economic crisis continues in Germany. New signs of weakness in gold bloc. Britain subsidizes shipping. France makes new conversion offer. Canada rushes Central Bank plan. West Coast strike affects Orient.

Europe

EUROPEAN NEWS BUREAU (Wireless)—Germany's political tension eased this week, but not the economic crisis. Consequently, business in Britain and elsewhere on the Continent became less hesitant without regaining its previous buoyancy. Not until Germany's economic crisis is eased and the Reich again becomes a buyer on a normal scale in world markets will recovery regain its old tempo.

Signs of uncertainty developed in several centers during the week. Riots in Holland, following the government's attempts at deflation through wage reductions and cost lowering, are another indication that Holland is one of the weakest spots in the gold bloc. Agitation for currency devaluation in order to stimulate the country's very important foreign trade has continued for a year. Belgium's political difficulties are partially caused by the efforts of the government to pursue a similar policy of deflation as the sole alternative to devaluation. And Italy is maintaining the lira with difficulty.

It is small wonder that the French Finance Ministry, following these signs of weakness within the gold bloc and forced to listen to the bold demands of a growing group in France for devaluation, hurried to announce this week a new conversion operation. As *Business Week's* Paris correspondent points out, it was probably "now or never."

Europe is talking frankly this week about the way "London called Berlin's bluff" in the moratorium controversy. Germany's acceptance of the clearing scheme is taken as a sign of weakness. There was less surprise when Paris won a similar concession.

Germany

Business suffers from aftermath of political crisis. Industrial recovery slackens; export revival essential, but not in prospect.

BERLIN (Wireless)—Politically, Germany is quiet again but business is suffering now the aftermath of last week's crisis. Uncertainty and nervousness, which have been developing for several weeks, are intensified now by the country's increasing isolation, both political and economic, and by the dark agricultural outlook. To the prospect of short grain and fodder crops, which has been evident for some weeks (*BIW*—Jun9'34), there was added this week the acute shortage of potatoes. So serious is the situation the government has

already reduced import duties and is aiding in the rushing of supplies from neighboring countries.

Industries are suffering acutely from the declining volume of foreign trade. The number of men absorbed in industry during June amounted to only 47,000, indicating the speedy slackening of recovery which was advancing rapidly at this time last year and which still showed considerable strength in the early months of 1934. Both hostility abroad and the uncertainty of the political outlook which makes long-term commitments unattractive contribute to the gloomy outlook, though Hitler's stubborn policy of ignoring foreign reactions is the most serious drawback. With credit strained to the breaking point, the possibility of financing any further public works beyond the schemes already under way is diminishing.

Weary Exporters

There has been a lot of talk lately about the "export weariness" of German industry. Manufacturers were charged with neglect of export business, partly because they were "spoiled" by more profitable domestic business and partly because they were apparently losing all hope of climbing the wall erected against German export trade by foreign boycotts, higher tariffs, and foreign exchange restrictions.

In Germany's present desperate position, exports have now been proclaimed a matter of "national duty." Direct pressure is being exerted on those recalcitrant manufacturers who are not conscious enough of their national "duty to export." In all government departments, before awarding public works contracts to individual firms, it is necessary that the bidder satisfy officials that his firm has fulfilled its national duty by boosting export business, even if at a loss. Another means of pressure is to see that a firm which requires a permit for the importation of raw materials satisfies government inspectors that it is re-exporting a reasonable quantity of these materials in finished form. If exports result in losses, it is implied that the losses can be made up in profitable domestic business.

Gold Drain Stopped

For the second consecutive week, Germany has failed to lose gold, according to the statement of the Reichsbank. There has even been a very slight gain in gold holdings due to the moratorium on debt payments and to the day-to-day rationing of foreign exchange to pay for imports. This rigid control has resulted in the holding at Baltic ports of large shipments of raw materials for which permits for transfer payments have not yet been issued.

Americans doing an import business

in Germany watched the settlement with Britain for an exchange clearing with some misgivings. This places England virtually among the "favored nations" whose products will be granted special privileges in Germany or whose interest charges will receive special attention in order to maintain markets for German goods abroad. Though Washington is known to be pressing for similar treatment of American loans, it is doubtful if trade will benefit, for Americans already have a vast favorable balance in their trade with Germany. Increased competition from the goods of "privileged" nations is more to be expected than anything else.

France

Parliament ends unproductive session. France wins concessions. Government converts at 4%.

PARIS (Wireless)—Despite the fact that Parliament has gone on a four months' vacation—the final session was a mere formal sitting in contrast to the annual wild stampede to rush through eleventh hour measures—the public is left almost indifferent while Parliament members apparently are glad of the chance to slip away from Paris and leave the cabinet to carry on alone. The decision of the war veterans not to oppose the Doumergue government has little meaning. On political questions they held their opposition in check and as regards economics, French finance leaders themselves possessed only a hazy idea of what had been done or left undone. So the lack of firm opposition from the war veterans simply leaves matters hanging in suspense till crystallization clarifies the present situation so that from the concrete results they can determine whether or not their demands have been carried out.

Shrewd Barthou

If, internally, France still appears to be groping, externally great progress has been made. Foreign Minister Barthou has surprised everyone, especially during his late conversations in London, by breaking away from the Briand school of international diplomacy which consisted of always signing some sort of agreement whereby all adherents could return to their respective countries and assure their countrymen that they had won their cause. Without mincing words, Barthou's straightforward policy is based on the principle that France is willing to collaborate with all countries for maintaining peace in Europe, even going so far as to make substantial concessions, but on one condition: that Germany remain effectively *hors de combat*. This carries with it the significance that France means to have peace at any price. Undoubtedly, British industrialists and political leaders do not view kindly such a policy but seemingly the English masses are wholeheartedly with France since they are tired of the recurring prospect of another war. Opposition from Italy, if there is any, is expected to be mild.

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The treasury is bringing out a 50-year 4% loan at 95, redeemable by annual drawings at 140, the loan total to run to 3 billion francs. Main purpose is to meet heavy September maturities. It had been expected that this loan would not be floated until fall but some financial quarters declare it was a now-or-never issue since by fall Paul Reynaud's speeches favoring devaluation may have had time to win a following.

Great Britain

Tension caused by German troubles eases. Subsidy to shipping fails to win general approval of shipowners. Money again easier.

LONDON (Cable)—Just what the tense situation in Germany in the last 6 weeks has meant to business in Europe is typified in British reactions. The number of jobless in June, when the data was released, showed an increase (though only 2,200) for the first time since January. The coal and woolen industries were the greatest sufferers, for most major industries still showed small individual gains in the number of workers.

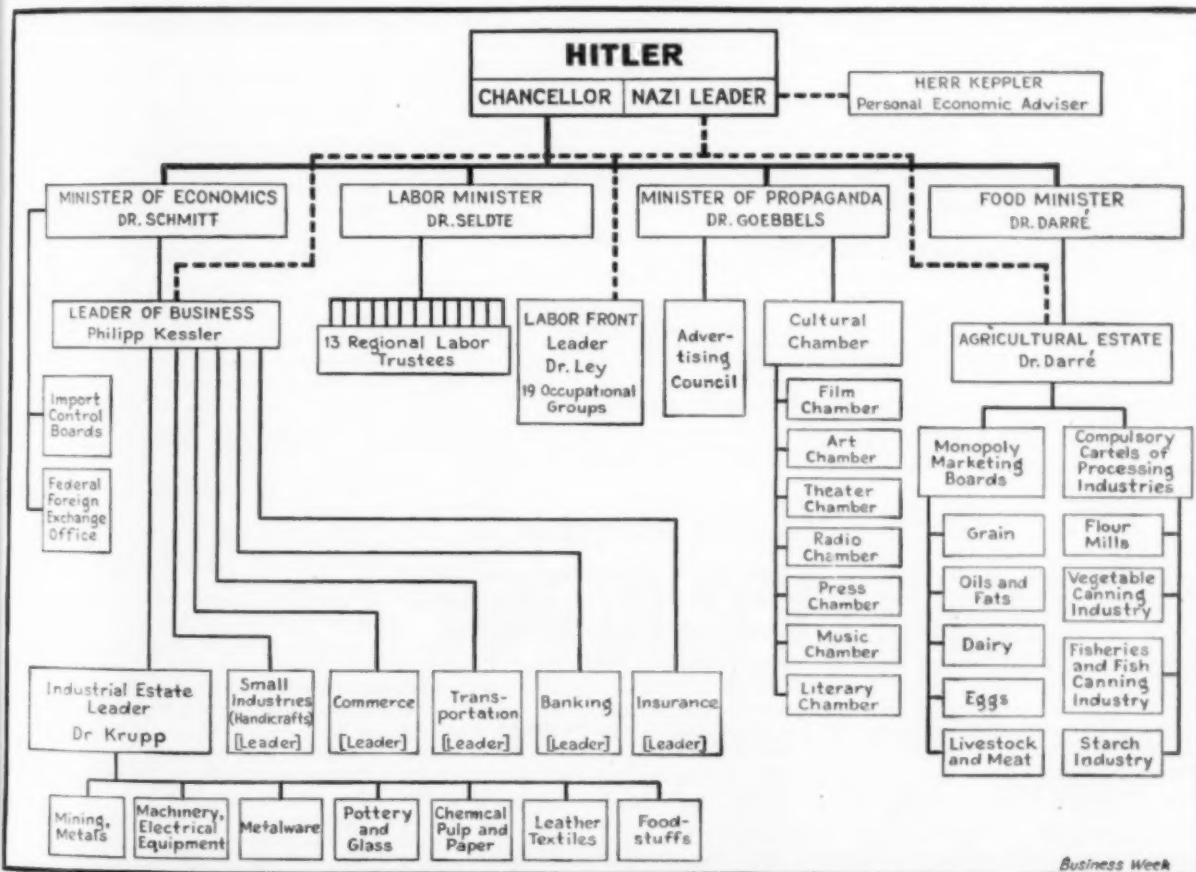
The hesitant tone is disappearing again this week, however, indicating that the public generally expects no further immediate crisis in Germany and thus a lessening of tension in Europe. Stock markets are again buoyant. London generally looks on the Berlin agreement to exchange clearings to meet Young and Dawes interest charges favorably. Financial London says frankly that the British did nothing more than call Dr. Schacht's bluff. Exporters are less happy over the outcome, fearing that the move will sometime react on British foreign trade. Sole comfort was the obvious effort on both sides to increase trade in both directions.

Shipowners are dissatisfied with the government's scheme to grant only £2 millions as a subsidy to shipping, and to grant this only with onerous conditions and reservations. Feeling generally is opposed to the official policy of forcing the scrapping of obsolete tonnage before grants for new tonnage are allowed. Shipowners would much prefer an out-and-out subsidy of 10s. a ton with a fair rate on tonnage laid up.

Britain's attitude toward the mercantile marine is peculiar. Whatever the developments in air warfare, Britain must rely on her shipping in time of

war. The long Empire communications, the dependence of the population on imported foodstuffs, and the vulnerability of the coast line together make an adequate navy essential to security. The last war taught that an adequate navy must have in reserve easily convertible merchant ships and numerous mercantile officers. Recently, instead of having a waiting list of apprentice seamen, shipowners have sent out vessels with the forecabin manned by master mariners. One firm, despairing of a business pickup at home, placed a 30-year-old vessel under foreign flag and in 12 months cleared its depreciation and costs and earned £30 while some of the most modern ships on their line under home registry were unable to make even depreciation charges. Whatever its objections to state aid and subsidies, no British government can long remain cold to the pleas of the shipowners under these conditions.

After the temporary tightening of the money market at the end of the half-year, money has again cheapened and it is expected that there will be a swing back to the spring's general expectation of 2½% rates for gilt-edged securities, and that industry will be able to finance its progress on its own liquid resources.



HOW HITLER CONTROLS GERMAN BUSINESS—Through his cabinet ministers and through his Nazi directors, Chancellor Hitler has attempted to mold German business in Mussolini's Fascist pattern of a "corporate state." The plan is still incomplete, is being modified to meet severe criticism in the present crisis. German agriculture is now more regimented than any other branch of national economy. Solid lines indicate the flow of power through the familiar government organization; dotted lines trace control through party authority. Since the chart was prepared, Hitler has removed his party leader—Kessler—from the Economics Ministry, has given Dr. Schmitt almost dictatorial power, has agreed not to push his corporate plan in this branch "for the present."

Canada

Central Bank plans rushed. U. S. branch automobile plants may be affected by British demand for larger Empire content on imports.

OTTAWA—Sir Edward Peacock, Canadian-born London financier, and a director of the Bank of England, was being considered here as a possibility for the Governorship of the Bank of Canada, the Central Bank to be established, probably before the end of the year. But at a Dominion Day dinner in London, Sir Edward advocated a national government for Canada and this probably eliminates him from the Bank of Canada picture: Neither Prime Minister Bennett nor Liberal leader Mackenzie King favor a national government.

Some business men, especially in Montreal, disagree with the political leaders about the prospect of national government after the next general election. One former head of a brokerage house has wired Liberal leader King offering to bet him \$5,000 that the next government will represent both parties. He says public sentiment is in favor of it. Other business men hold that a national government is necessary to bring about the solution of the country's railway problem. They would have the two old parties combine in an effort to put through a scheme of amalgamation. Their wishes have little prospect of early gratification.

Regulations for Business

Parliament, which dispersed July 3, possibly may be called to meet in the autumn to consider legislative measures to deal with business and industrial conditions disclosed by the Stevens' mass buying and price spreads committee of the Commons. This committee is being converted into a commission and will continue its investigation during the Parliamentary recess. It will be expected to have a comprehensive report ready for Parliament when it meets again. It is practically certain that following the completion of the commission's work the government will draft drastic legislation to deal with sweatshop conditions in industry, manipulation of prices to producers, mass buying methods and other unethical practices.

The presence here last week of Hon. W. D. Herridge, Canadian Minister to Washington, and some of the under-secretaries of the Canadian Legation, gave rise to speculation as to whether they were bringing reciprocity overtures from the United States government. Interest in reciprocity has been slightly stimulated since Congress gave President Roosevelt power to negotiate reciprocal treaties. It developed, however, that the Canadian Minister and his assistants were merely returning on annual vacation. Ottawa holds to the attitude in regard to reciprocity that the first move must come from Washington, the Canadian government having indicated some time ago its willingness to discuss the matter. Considered opinion is that prospects are not bright, since

Canada's interest would largely be in opening the American market to agricultural products, the importation of which the United States is not desirous of increasing.

The recently developed apprehension in Great Britain about revived imports of motor cars is giving some concern to Canadian subsidiaries of American automobile manufacturers and is attracting the attention of Ottawa officialdom. These subsidiary Canadian automobile factories are the medium through which American motor cars reach the British market. Exports have been low in recent years but lately have revived somewhat. Under British customs requirements cars imported from Canada must have a 50% Empire content. It is reported that the British government now has officials in this country checking up on the observation of this requirement. It is said that there is some ground for suspicion that it is not in all cases observed. From Britain comes the suggestion that the Empire content should be raised to 75% in the interests of British manufacturers. The Canadian government has nothing to do with this, of course, apart from seeing that the regulation regarding content is carried out. An increase to 75% would, however, seriously embarrass the manufacturers. The Canadian government might possibly or even probably protest any move at Westminster in the direction suggested, since this country grants concessions to imports from the United Kingdom in respect of the Empire content. The regular requirement on imports from Empire countries is 50% but in the case of certain textiles this was reduced at the request of British interests and the British government to 40%.

The Dominion Bureau of Statistics' weekly index of economic conditions averaged 92.2 in the last six months as compared with 77.4 in the first six months of 1933. Carloadings advanced from 900,900 for the first half of 1933 to 1,094,000 this year, an increase of 21.6%. The bureau reports bond prices up 11% for the period in question.

Latin America

United States-Cuba reciprocal trade treaty is being formulated. Canal traffic mounts steadily.

MINOR strikes and political threats in several countries of Latin America were not viewed seriously by business this week. Much more important were the better feelings expected to result from the visit of President Roosevelt to numerous Latin American ports, and the probable favorable agreement on the terms of a reciprocal trade agreement which Washington is formulating with Cuba.

Strikes occurred in Brazil and Cuba. In Brazil, bank clerks struck for a day to emphasize their demands for a guarantee of one year of steady employment, 3% of the banks' gross earnings for employees' benefits, retirement at 50

years of age after 30 years of service, and the creation of a single pension system embracing all bank clerks throughout the republic.

Political unrest threatened to come to a head in Chile this week, but the crisis is thought now to have passed. Observers in Santiago, however, do not believe that the present government has completely ended the opposition.

Reduction of interest rates on commercial loans in Mexico from 8% to 7% caused an increase of more than 200% in the volume of loans made to business in the last 3 months. Business generally continues to expand.

Panama Canal traffic is accepted by many as an index of business activity. In the report just issued for the fiscal year ended June 30, 5,533 commercial vessels transited the Canal, paying tolls amounting to more than \$24 millions, compared with 4,494 commercial vessels in the fiscal year ended June 30, 1933, paying tolls of \$19½ millions.

Far East

Pacific Coast strike affects business with Far East. China suffers from drought and heat wave. Philippines plan sugar restriction.

STRIKES on the Pacific Coast of the United States which have tied up shipping have greatly affected Japanese foreign trade. At the same time, shipments of bicycles to British Malaya have been curtailed because of the discriminatory tariff which has been imposed on them. British frames now can sell in Singapore for about \$2.25, while the new duty pushes the price of Japanese frames up to \$3.60.

Through traffic on the Peiping-Mukden railroad was established July 1 and is considered the most important step yet taken toward Sino-Japanese rapprochement, may eventually result in virtual recognition of Manchukuo by the Nanking government. Most Chinese are as skeptical as the Japanese are delighted at each new sign that China's President is continuing his pro-Japanese policies.

Despite reports of large capital investments in Manchukuo by various Japanese industries, there is no striking activity in the new country beyond the government construction projects.

While northern Manchukuo is again threatened with floods, central China is suffering from drought and a heat wave. Rice prices have already risen on the prospect of a smaller crop.

Public and business interest in the Philippine Islands centers in the legislative session opening July 16. Among the important problems coming before the legislature are laws for restricting domestic sugar production, plans for diversification of agricultural crop-trade relations with the United States and financial developments, particularly the proposed establishment of a central bank. The longshoremen's strike on the Pacific Coast continues to affect American trade with the Philippines.

Wide Reading

WHAT CONGRESS DID FOR LABOR. Edwin E. Witte. *New Republic*, July 11. Very little. Really beneficial legislation was side-tracked. Labor in the next few months will do well to devote some attention to the election of congressmen who will pledge themselves to help wage earners.

LET'S HAVE A REALLY NEW DEAL. Fremont Rider. *North American Review*, July. Contends that the present Administration, while aiming at a worthy goal, is getting lost in detail; suggests a few inclusive regulations which might more quickly and simply arrive at the same end.

BACK TO THE "OLD DEAL" IN HOUSING. Carol Aronovici. *Nation*, July 11. Vested opposition is still too strong for the government's timid efforts to set up a national housing program.

STRUCTURAL PROGRESS. *Architectural Forum*, June. Ninety-five new structural developments which will come into prominence as the building revival gets under way. Suggestions for the prospective builder, as well as the engineer.

"PERFECT HOME" CONTEST STIRS BUILDING IN ST. LOUIS. *American Builder*, June. Another city makes a study of what John Doe likes best when he plans a home for himself. Plans and layout of three first choices.

FORD RECONDITIONS ENGINES AT THE FACTORY. H. C. Deckard. *American Machinist*, July 4. Volume business permits use of assembly line methods and time-saving equipment impossible in service station repairs.

AND NOW WE HAVE DATED BREAD. H. W. Strong. *Food Industries*, July. Taking a leaf from the book of "dated coffee," bakers are now dating their bread.

FAKES—BOTTLED IN BOND. Allen Raymond. *Today*, July 7. We have traded old headaches for new: prices are too high, liquor is bad, and enforcement is nearly an impossible task.

REPORTS—SURVEYS

NATIONAL INCOME AND ITS ELEMENTS. National Industrial Conference Board, New York. Reprint of a brief, simple analysis and synthesis of the recent government report on *National Income, 1929-1932* with estimates for 1933; consolidated tables, charts.

RECEDING UNEMPLOYMENT. National Industrial Conference Board Bulletin, June 10, 1934. Conservative estimates of monthly employment, unemployment, and net increase in new workers. Explains method of construction that accounts for lower unemployment totals than A. F. of L. estimates.

BOOKS

DEPRESSION AND RECOVERY. Dale Yoder and George R. Davies. McGraw-Hill, 298 pp., \$2. Analytic description of the more important phases of the depression that followed 1929, noting especially the disintegration of credit and prices, consumption, and production, and a short summary of the methods used in attempts at reconstruction.

The NATIONAL BANK OF DETROIT

Statement of Condition, June 30, 1934

RESOURCES

Cash on Hand and Due from other Banks . . .	\$ 79,790,787.76	
United States Government Securities . . .	111,245,566.95	\$191,036,354.71
Securities other than U. S. Government . . .		8,260,278.90
Stock in Federal Reserve Bank . . .		675,000.00
Loans and Discounts . . .		44,589,443.27
Real Estate Mortgages . . .		10,155,531.25
Overdrafts . . .		5,281.40
Accrued Interest Receivable—Net . . .		950,615.36
Customers' Liability Account of Acceptances and Letters of Credit . . .		391,593.19
Other Resources . . .		97,153.29
TOTAL RESOURCES . . .		\$256,161,251.37

LIABILITIES

Deposits:		
Commercial, Bank and Savings . . .	\$201,606,444.81	
Public Funds secured by pledge of U. S. Government Bonds:		
Treasurer—State of Michigan . . .	8,070,541.86	
U. S. Government . . .	15,583,380.42	
Miscellaneous . . .	392,635.45	
Other Public Deposits . . .	3,659,463.30	\$229,312,465.84
Capital Account:		
Preferred Stock . . .	12,500,000.00	
Common Stock . . .	5,000,000.00	
Surplus . . .	5,000,000.00	
Undivided Profits (Paid in) . . .	2,500,000.00	
Undivided Profits (Earned) . . .	899,172.17	25,899,172.17
Reserve for Contingencies . . .		300,000.00
Reserve for Expenses and Dividends . . .		257,536.42
Our Liability Account of Acceptances and Letters of Credit . . .		392,076.94
TOTAL LIABILITIES . . .		\$256,161,251.37

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THE TRUTH ABOUT THE NEW DEAL

In the first lull of the emergency, business is taking stock of the accomplishments and failures of the Administration's recovery program. What has been done? What has it cost? How has it affected business? The partisan press beclouds the issue with politics, colors the news to fit its allegiance. For a fair, factual, non-political appraisal of the situation, read "Auditing the New Deal," every week in

BUSINESS WEEK

Money and the Markets

Banks find mortgage market more inviting. Stocks feel a lift; perhaps from regulation. Bond advance is tempting RFC. Bleak crop forecasts bring rise in grains and cotton which buoy up other commodities.

Money and Banking

RATES as quoted in the New York money market for call and time loans, commercial paper and acceptances, continue to drag at record low figures. Actual placement of funds frequently is on a basis well below these quotations. The rates, combined with the small demand for loans of this type, account for the increase in loans on securities and holdings of government securities recorded in the latest summary of the reporting member banks.

The total amount now being loaned on securities by these banks is still small—\$255 millions less than a year ago and some \$5 billions less than 4 years ago. Holdings of U. S. government securities, on the other hand, are at a peak, nearly \$1.5 billions above a year ago and about \$3.5 billions above 4 years ago. Holdings of governments by New York clearing-house banks equal slightly over a third of their deposits. This situation is a matter of concern to some bankers, who feel that there should be less concentration of banking resources, even though it be in the country's best investment.

Private lending on mortgages is being resumed in advance of the actual operations of the newly-formed Federal Housing

Administration. Large institutions, which heretofore have been refusing to look at real estate paper, are now offering funds to borrowers. Scarcity of other good investments, the decrease in distress property, improvement in the market, and the comparatively high yield are among the reasons given. These lenders are not waiting for the Housing Administration because a large part of the mortgages now being taken would not be eligible for insurance under the terms of the act. Their efforts will be, on the whole, supplemental, covering a different type of property.

Mortgage Insurance Regulations

The National Housing Act provides for the insurance of mortgages on dwellings for not more than 4 families and with a valuation of \$16,000 or less. The sole exception is for the insurance of mortgages on low-cost housing projects owned by federal, state or municipal instrumentalities or by limited dividend corporations. The private funds are being placed mostly in apartment houses, commercial structures, etc.

The New York savings banks, with their close contact with the real estate situation, were perhaps the first to recognize the new condition. Outstanding example is the Dime Savings Bank of Brooklyn whose president, Philip A.

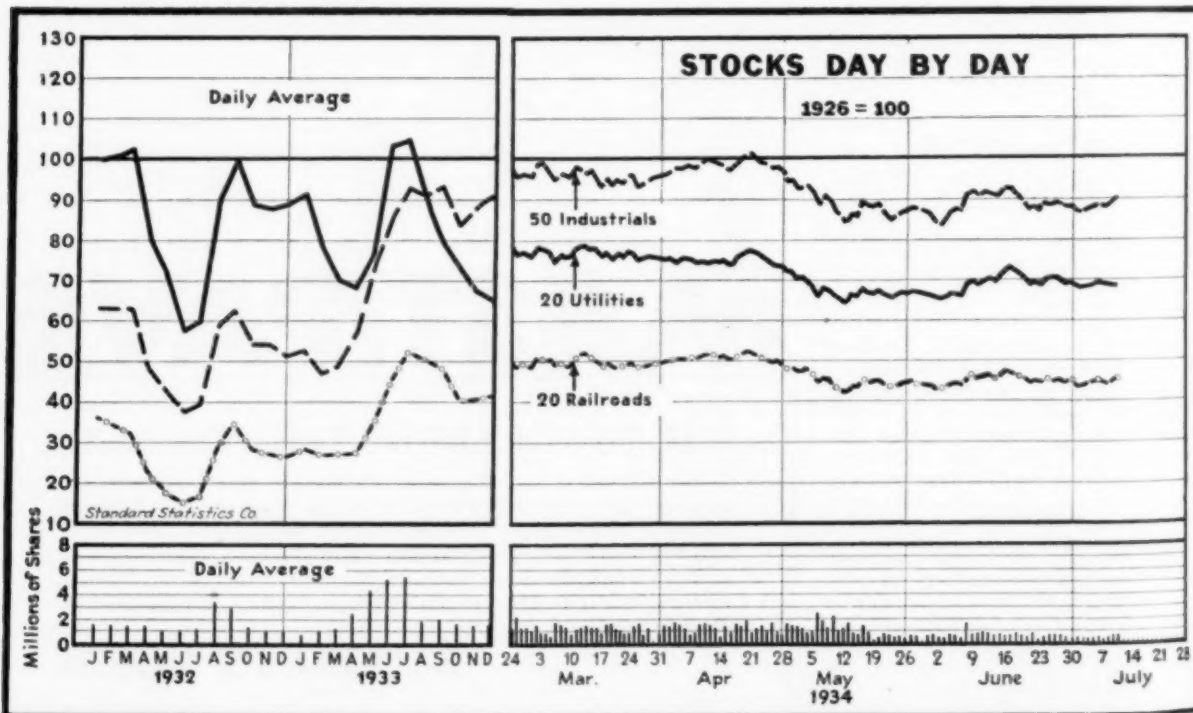
Benson, is president of the National Association of Mutual Savings Banks. Mr. Benson's bank is publicly offering to accept mortgages on desirable property at 50% of present appraised value with interest at 5½%. This valuation ratio and interest rate are common throughout the New York banks.

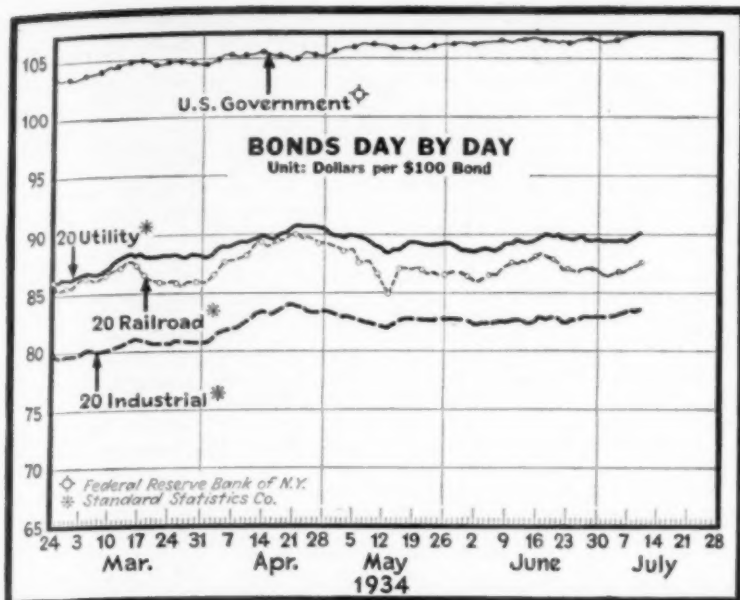
Life insurance companies are also becoming more liberal and are increasing their investments in farm and city mortgages. Lending ratios vary from 40% to 60% of present value and an interest rate of 5½% is generally offered.

Private mortgage investors are wondering if the provisions of the Housing Act offer a tip on the government's intentions toward the real estate market. Eligible loans may be insured under the act when their value is not in excess of 80% of the appraisal. Interest must not exceed 5% exclusive of charges for insurance which will run between ½% and 1% but where area condition of mortgage market demands more, an interest rate of 6% will be allowed. Total charges on insured loans are likely to be equal to, or more than, charges at the savings banks; the big lure is the high ratio that may be borrowed. And this high ratio, say bankers, will cost the government plenty unless it keeps the real estate market moving steadily upward.

Bonds

BONDS resumed their advance this week and brought the market close to the high point of the year. U. S. governments, in strong demand, penetrated the year's former high with many of the individual issues quoted at figures above any recorded since they were brought out.





Even foreign bonds rallied but these, because of the upset conditions abroad, still stand below the level reached in mid-April.

This excellent market is tempting bonds from the RFC portfolio. In addition to the municipal paper which the Corporation will buy from PWA (BII—Jul 7 '34), RFC is planning to market some of its own holdings. Many inquiries are being received from investors and dealers regarding these bonds obtained in return for financial assistance to self-liquidating projects. The total held today, estimated at \$200 millions, is being steadily added to as the work continues and more money is advanced. However, it will not be possible for the Corporation to drop all these bonds suddenly on the market as the municipalities have, in each case, a 2-year option to repurchase the bonds. This will act to limit the immediate sales to loans made in 1932. It is understood that some sales have already been consummated.

New York City Offering Withdrawn

One of the few municipal bond sales held recently that was not a success was the offering this week of \$72 millions securities by the City of New York. Except for a small block of \$2 millions that went to the Emigrant Savings Bank, at an average rate of 3.88%, all bids were rejected. Of the remaining 4 bids one was for \$1 million bonds at 4% and the other 3 from a single banking syndicate of 72 members, whose best bid, on an all-or-none basis, figured out at an interest charge to the city of 4.0365%. City officials, angered at the failure of the first piece of long-term financing attempted since 1931, stated that they had knowledge that this syndicate was going to bid for the bonds on a 3.90% basis until it was discovered that a rival syndicate had decided to withdraw from competition. Plans are now being made to reoffer the bonds at a later date.

Stocks

PUBLIC interest returned to the stock market this week, lifting prices, increasing volume. While gains as a whole were not great, they served to improve trading sentiment. While volume is still small, it is enough better than the meager turnover of July's first week to make the brokers more cheerful.

This increase in public interest may be due to the fact that Wall Street is now under Washington control. Those connected with the administration of the stock exchange act are convinced that the better element among the traders is glad, after all, that regulation has come. This element wants to see the recalcitrants made to behave but prefers that someone else do the disciplining. Leading brokers long have recognized that their business suffers from the sins of a minority. They do not like general regulation because it reflects on their integrity and because it is contrary to their traditions. But now that it is a law, the feeling in Washington is that it will be accepted with good grace and no small amount of satisfaction.

The steady expansion of security loans made by the banks suggests the importance of this form of financing to stock prices and also the influence that the regulations of the Federal Reserve Board will have on future movements. These regulations, which will become effective Oct. 1, have not as yet been made public. The board's only official statement so far made on this subject was contained in a letter sent this week to member banks.

This letter indicated that the FRB would stick closely to its duties as specified by the law and not infringe upon the fields of the Securities and Exchange Commission. It pointed out to the banks that the board is to be guided by the volume of credit and that it has no responsibility for the practices of the stock exchange. Also that the new law has

no bearing whatsoever on regular loans made by banks to their customers for industrial, commercial, agricultural, or other ordinary purposes. The only loans affected are those for the purpose of purchasing or carrying securities. And even here many large classes of securities are exempted by the law. Securities of or guaranteed by the United States or securities of corporations controlled by the government or securities of the states and political subdivisions may be used as collateral for loans greater in amount than the regulations may specify. The SEC also has the right to designate other exempted securities.

Commodities

THE smallest cotton and grain crops in more than a quarter of a century were forecast by the Crop Reporting Board during the week. The cotton area, 32% below normal, is expected to yield about 10 million bales, or between 3 and 4 million bales less than normal. So the 9½-million bale carryover on June 1 should be reduced to more manageable proportions within the next year.

In response to the acreage estimate cotton prices soared by almost \$2 a bale, the nearby deliveries bringing over 12½¢ per lb.

The July 1 forecast for grain shows a further contraction of the estimate made a month earlier. The total wheat crop is now figured at 484 million bu., almost 40 million less than last year which set a 40-year low. Average output from 1927 to 1931 was 886 million bu.

The forecast for other grains is equally depressing or bullish, depending upon the standpoint from which it is considered. Oat production is estimated at 568 million bu., compared with a 5-year average of 1,187 million. The corn crop is set at 2.1 billion bu., contrasted with the 5-year average of 2.5 billion. Barley, at 125 million bu., goes to the lowest level since 1919, the 5-year average being 270 million bu. At 7.6 bu. an acre, the prospective rye yield is the

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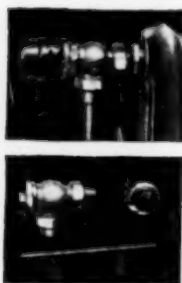
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lowest on record and may be expected to produce a crop of 17.2 million bu., against the 5-year average of 41 million bu. Almost half of this crop will be needed for seed for the coming year.

Besides coping with insufficient pasture, livestock feeders will be confronted by a grave feed problem because of the shortage in the hay crop, which is expected to yield only 57 million tons, against a 5-year average of 84 million tons.

In response to the bullish forecasts, grains jumped their full limits on the Board of Trade. July wheat at 92½¢ was up 5¢. In Winnipeg, where there are no limits on trading, the rise was 6½¢. Corn rose to 60½¢, a jump of 4¢; oats reached 45½¢, up 3¢; rye, at 69½¢ was up 5¢; barley rose to 57½¢, up 5¢.

The sharp rise in grains and cotton buoyed other commodities. July rubber rose to 14.95¢, up 20 points; hides to 8.65, up 2¢; and silk to \$1.14½, up 3¢. However, hogs and beef did not follow the advance. The hog market ruled anywhere from 10¢ to 15¢ under a week ago. Chicago steers were about the same or slightly lower. Purchases of cattle for drought relief by the AAA now total 765,000.

Metal Markets Quiet

More than seasonal recession in business activity in Europe, especially England, coupled with the unsettled German situation, made for a very quiet week in the metal markets. The only exception is lead, which has recently been reduced in price so as to make purchasing attractive to consumers. It is estimated that 7,500 tons were sold during the week. Copper, at 9¢, is marking time. Zinc shaded around 4.35¢, but silver was strong at 46½¢. Speculators in silver are trying to get out from under and the supporting factor is believed to be government purchases.

Additional downward adjustments in prices of finished and semi-finished steel products were announced. The

Presidential order, allowing concessions from code prices up to 15%, was a disturbing element. It is expected that steel production will resume activity after the holiday week in response to automotive demands.

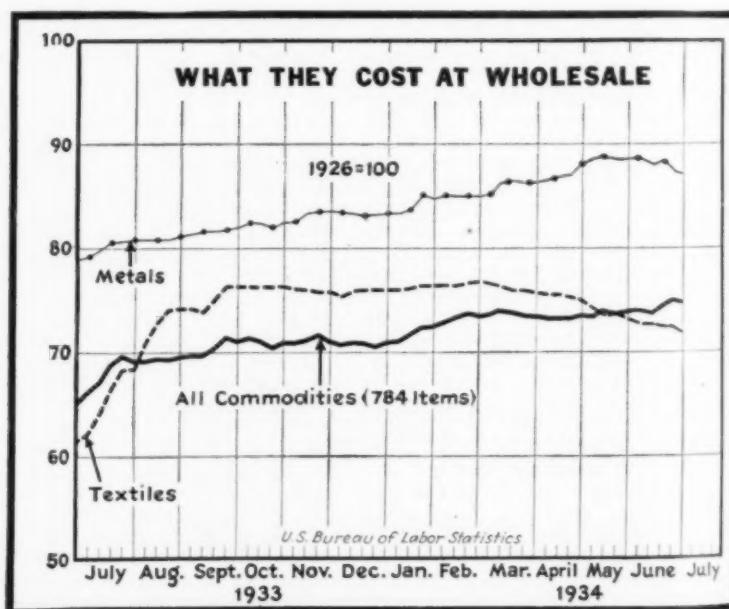
There was a sharp reaction in various food markets. Butter and eggs were lower because of liberal receipts and accumulating stocks. Sugar prices remained steady, and coffee weakened. In spite of lower beef and hog prices, meats were generally higher.

Cost of Living Creeps Up

June showed a rise of 0.3% in the cost of living, according to the monthly index of the National Industrial Conference Board. Living costs are now 10.2% higher than the low in April, 1933, and 8.2% higher than in June, 1933, but 20.6% lower than in June, 1929. Food prices advanced 0.5% in June over May; rents rose 0.6% and clothing fell 0.6%. Women's clothing declined 1.2%, while men's clothing decreased only 0.1%. Coal prices increased 0.2% and house furnishings, drugs and toilet articles about 0.1%.

Wholesale commodity price index as given by the Bureau of Labor Statistics for the week ended July 7 (this does not include the price rises that took place the first 3 days of this week) is slightly lower than the preceding week, but is 5.4% higher than the low of the year.

During the last 6 months the wholesale commodity index has risen 5.6%, with the greatest gains recorded for farm products, which have gone up 15½%, and food products which have advanced 13½%. Other groups which have shown advances are metal and metal products, building materials, chemicals and drugs, and house furnishing goods. There have been declines in hides and leather of 1.6%, fuel and lighting material 1.6%, and textile products 5.5%. The textile decline was particularly marked in silk, rayon, wool and cotton yarns. Raw cotton advanced



Editorially Speaking—

UNITED STATES manufacturers have established over 100 branch factories at a cost of millions of dollars in Toronto, Canada, alone since the depression began, says that city's industrial commission. These plants produce 80 different kinds of products. American branches founded the past 4 years in the entire Dominion are estimated roughly at 200. The commission says the influx of American industrials was, among other things, for the purpose of getting under tariff barriers, gaining advantages in Canadian and intra-Empire trade, such as preferential trade agreements and schedules, and meeting the "Made-in-Canada" argument.

DOCTORS report air-conditioned rooms a great help to sufferers from hay fever, since the air has been washed free of the offending dust and pollen. Accordingly, Mandel Brothers, State Street department store in Chicago, is providing a special room in its air-conditioned basement for hay fever sufferers. Offices having air-conditioning also are said to be experiencing a flattening out of the vacation curve, there being less of a rush to get away for the hot summer.

FOR the first time in 6 years Cincinnati's house-to-house canvass in May this year showed increases in the percentage of its population employed at full-time jobs. Workers having full-time jobs this year totaled 62.28%, compared with 51.67% in 1933. Nearly 22%, however, still lacked jobs as against 26.10% a year ago and 5.94% in 1929. Part-time workers decreased from 22.23% in 1933 to 15.58% this year. A sample district revealed that over half the present unemployed had been without work for 2 years or more.

THREE southern pine producing lumber companies, with a total capacity of 63 million feet yearly, have just been certified by the Southern Pine Association as operating on a "sustained yield" basis, under terms of the forest conservation code. Which means they are growing the timber as fast as they cut it. Chief arguments for this means of operation are it avoids depletion of the nation's forest reserves, and also makes possible permanent community development. Because of the higher costs of operating on this basis these companies, under the code, are granted a 10% increase in their production allotments, provided their "sustained yield capacity" is not thus exceeded. The first three to achieve the distinction are the Allison, the Crossett, and the Urania lumber companies, of Alabama, Arkansas and Louisiana.

PRICE-CHISELING cleaners and dyers in Pennsylvania who try to cover up bad jobs are to be revealed in their true colors, so hopes the state Association of Dyers and Cleaners. A trick suit or dress will be used to catch the culprits. The association wants to standardize quality as a substitute for enforced uniform prices (which collapsed under the NRA code), has started a campaign in which it intends to offer, very slyly, a test garment to every cleaner and dyer in the state. Catch: The article is first skilfully stained with such old standbys as gravy, ink, perspiration, mercuriochrome, dirt, and dust. When it comes back it is scrutinized under special detecting light. Cleaners who accept the proposed standard receive an insignia to show the public.

FINDING there are too many taxicabs in Omaha, Neb., the state railway commission is granting fewer certificates of convenience and necessity. Three cab companies, operating a total of 52 machines, could wheedle only 30 permits out of the commission, whereas they wanted 71. That now gives Omaha 135 cabs all told, which the commission says is plenty. The cab oversupply had resulted in such enticing (for the customer) rates as 10¢ for the first $\frac{1}{2}$ mile and 5¢ each additional $\frac{1}{2}$ mile. The commission rules out driver ownership as undesirable and unprofitable to owners.

BRITISH makers of a heavy-duty, coal-burning steam truck have shipped a unit to Greensboro, N. C., for a 3-month demonstration. Purpose is to feel out American interest and commercial possibilities. Chief claims for the 120 hp. engine are greater economy of operation than gasoline motors, quick pick-up, maximum speed of 50 miles per hour. Four pounds of coal (fed automatically) will take an average truckload a mile, a ton will carry it 600 miles, says a company official. Another claim: The truck and trailer, with a 25-ton gross load, will start from standstill on a 20% upgrade.

WITH over \$1 million of perfectly good money impounded in the federal courts while the constitutionality of its 1930 chain tax law was being tested, Kentucky has decided to break the jam by repealing that law and passing a new one patterned after the tested and sustained Indiana model (BW—May 26'31). Under the new act, now in effect, single stores will pay \$2 a year. Chains with from 2 to 10 stores must pay \$20 per store, those with 11 to 25 stores—\$50, 26 to 50—\$100, over 50—\$150. And now there's an argument over disposition of the impounded funds collected under the old law.



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JULY 14, 1934

Unfinished Business

Three kinds of people are fond of telling us, over and over, that the American standard of living is the highest ever achieved by any nation on the face of the globe—which probably is true enough. They are: (1) The invincible optimists, who argue from this that everything is well in America, barring a little temporary difficulty; (2) the invincible Tories, who use the statement to prove that the American workingman and the American farmer are ingrates and insatiable; why should they demand more when already they have the highest standard of living in the world?; (3) the pessimists, who argue that there is no future ahead of us to compare with the golden years behind us when every American family was acquiring the luxuries that now we call necessities.

To these three, those who fatuously imagine that everyone lives in a modern home, that every reasonable American should be satisfied with his physical surroundings, and that the home market is saturated, we commend a reading of the preliminary findings of the Real Property Inventory. Under governmental auspices, investigators are checking up the actual equipment and condition of urban American homes. When completed, the survey will be the first real picture of American housing ever pieced together. Some of the results already are available, partial findings from the first million homes. These homes are the dwellings in 50 cities scattered from coast to coast and from Canada to the Gulf, none of them a great city, none a rural village—typical Middletowns, in short, of 20,000 homes each, on the average. The cities are in 38 states and they range in size from Santa Fe, N. M., with 1,720 houses, to Des Moines, Ia., and

Wheeling, W. Va., with nearly 45,000 dwellings each. Here is the typical America.

Here are some of the facts about how 4 million Americans live on Main street, its side streets, and its alleys:

More than 62% of the residential structures need repairs. Rentals average \$30 a month. The vacancies amount to 7%, but more than 7% of single units are sheltering more than one family—so if doubling up were eliminated, there would be no surplus of housing.

In these 50 cities, 11.5% of dwellings have no electric or gas lighting; 21% have no modern sanitary facilities; 27.5% have neither bathtub nor shower; 32% do not cook with gas or electricity; 56% have no central heating; 84% have no mechanical refrigeration.

Most striking fact of all, more than 10% of the homes have no running water. Barely 60% have hot and cold running water.

Now if these averages hold good for the whole country, and there is every reason to suppose they will, there are 3 million homes that need modern lighting. More than 10 million need a tub or shower.

There is no effort made here to distinguish between the oldest, most decrepit equipment and the newest. Modernization of the rusty, cracked, chipped, and inefficient equipment of bygone years is just as desirable as installations in homes that have none. The replacement market alone is enormous.

All of which suggests several important lines of thought. First, a return to the prosperity of 1929 is not good enough; obviously here were millions of Americans who never shared in it to any important degree. Second, America is not all built complete, ship-shape, and modern. Plenty remains to be done.

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